



BROWNFIELDS COMMUNITY IMPROVEMENT PLAN

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Planning & Building Department
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Attachment:

Province of Ontario, ‘A Guide to Brownfields Financial Tax Incentive Program’

1.0 INTRODUCTION

1.1 What are Brownfields?

The City of Sarnia is an industrialized City with a significant petrochemical history. The physical legacy of our industrial heritage includes a number of abandoned, idled or underused industrial and commercial properties and buildings in the City's present and former industrial areas. These sites are commonly referred to as "brownfields".

"Brownfields" are defined here as abandoned, idled or underused industrial and commercial properties in the built up urban areas where expansion or redevelopment is complicated by real or perceived environmental contamination, building deterioration/obsolescence, and/or inadequate servicing infrastructure.

1.2 Why Promote Brownfield Redevelopment?

It has long been difficult for communities to bring brownfield sites back into productive use because of the high costs of remediation, uncertainty about the level of contamination at many sites and environmental liability issues. Left as they are, brownfields can harm the local economy and pose threats to human health and environmental quality. Redeveloped and returned to productive use, they can generate significant economic, environmental and social benefits. Most recently in Canada, governments at all levels have taken action to encourage the clean up and reuse of brownfield sites. This comes from a growing understanding of the importance of brownfields to the future of communities and the public benefits that can be realized through brownfield redevelopment.

In 2000, the federal government established the Green Municipal Enabling Fund, administered in partnership with the Federation of Canadian Municipalities (FCM), which can provide grants of up to \$100,000 for community brownfield inventories and assessments of development and policy options. The government later introduced the Green Municipal Investment Fund, also administered in partnership with the FCM. This is a loan program which will provide funds for remediation projects at 1.5 points below the Bank of Canada prime rate. Phase I and Phase II environmental assessments are eligible for funding. Loans of up to \$20 million are available to eligible municipalities.

In 2001, the Government of Canada mandated the National Round Table on the Environment and the Economy (NRTEE) to prepare a National Brownfield Redevelopment Strategy. The Strategy, entitled: Cleaning up the Past, Building the Future, was completed in 2003. At the heart of the NRTEE's strategy is a commitment to improve the quality of economic and environmental policy development by providing decision makers with the information they need to make reasoned choices on a sustainable future for Canada.

The national brownfield redevelopment strategy seeks to:

- Put in place the essential building blocks of a coordinated, comprehensive national approach to cleaning up and redeveloping brownfields in Canada;
- Build on recent initiatives in several Provinces and municipalities to promote brownfield redevelopment across the country as a practical tool for sustainable development;
- Engage the full spectrum of public, private and community interests involved in community development;
- Address the priority challenges to brownfield redevelopment through a mix of policy instruments targeted at specific market failures; and
- Focus efforts on the “middle tier” of brownfields, where strategic public sector initiatives are needed to achieve redevelopment.

The Province of Ontario passed the *Brownfields Statute Law Amendment Act, 2001* (Bill 56), which came into effect, in part, in 2001. This Act provides a legislative basis for dealing with brownfield sites in Ontario. The legislation includes provisions related to:

- Contaminated site assessments, clean-up standards and site certification;
- Limited protection from MOE Director’s Orders; for owners, secured creditors, municipalities and their representatives including some consultants and
- Limited relief where properties are acquired due to tax arrears.

The initiatives of the *Brownfields Statute Law Amendment Act* served to augment the existing tools available to municipalities under the *Planning Act* including the authority, under Section 28, to offer grants and loans for the purpose of carrying out a Community Improvement Plan provided the grant and/or loan cannot exceed the cost of rehabilitating the property. Section 69 of the *Planning Act* also provides for the reduction or waiver of planning fees. As well, municipalities may offer building permit fee exemptions under the *Building Code Act*.

Programs which fall under legislation outside of the provisions of Section 28 of the *Planning Act* are not part of this Plan but are intended to support and augment community improvement activities under this Plan.

Several municipal governments in Ontario have demonstrated their capacity to be the “on the ground” leaders in developing and delivering brownfield redevelopment initiatives, forging community partnerships involving governments and the private sector. Clearly, there is a solid “public good” rationale which supports government involvement at all levels in promoting brownfield redevelopment. These public goods include:

- Increased tax assessment for the municipality and the Province;
- Creation of employment opportunities;
- Utilization of existing infrastructure resulting in a slowing of urban sprawl and its related costs (hard and soft services);
- Contribution toward the revitalization of industrial areas; and
- Environmental restoration which can remove threats to the health of workers and residents.

1.3 Brownfields Community Improvement Plan

In June of 2004, Sarnia City Council directed that a Community Improvement Plan, to promote the redevelopment of industrial and commercial properties in the City, be prepared. This Plan is called the Brownfields Community Improvement Plan and applies to the Community Improvement Project Areas shown in Figure 1.

The purpose of this Plan is to provide a comprehensive framework for the delivery of specific programs designed to stimulate the clean up and redevelopment of current and former industrial properties in the older commercial and industrial areas of the City, predominately for new industrial and other employment uses. This will improve economic and environmental conditions in the affected areas. In essence, the Plan provides the tools to help address contamination, abandonment and blight, and provide for productive land uses on clean sites.

1.4 Legislative Authority

Sections 106(1) and (2) of the *Municipal Act, 2001* prohibit municipalities from directly or indirectly assisting any manufacturing business or other industrial or commercial enterprise through the granting of bonuses. Prohibited actions include:

- a) giving or lending money or municipal property;
- b) guaranteeing borrowing;
- c) leasing or selling any municipal property at below fair market value; and
- d) giving a total or partial exemption from any levy, charge or fee.

Section 106(3) of the *Municipal Act, 2001* provides an exception to this bonusing rule for municipalities exercising powers under the provisions of Section 28(6) or (7) of the *Planning Act* or Section 365.1 of the *Municipal Act, 2001*. Section 28 of the *Planning Act* allows municipalities with provisions in their Official Plans relating to community improvement to designate by by-law a “Community Improvement Project Area”. Once the Community Improvement Plan is approved by the Province, the Municipality may exercise authority under Section 28(6) of (7) of the *Planning Act* in order that the exception provided for in Section 106(3) of the *Municipal Act, 2001* will apply. According to Section 28(1) of the *Planning Act*, a “Community Improvement Project Area” is defined as a “Municipality or an area within a Municipality, the community

improvement of which in the opinion of the council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason”.

Section 28(1) of the *Planning Act* defines “community improvement” as “the planning or replanning, design or redesign, subdivision, clearance, development or redevelopment, reconstruction and rehabilitation, or any of them, of a Community Improvement Project Area, and the provision of such residential, commercial, industrial, public, recreational, institutional, religious, charitable, or other uses, buildings, works improvements or facilities, or spaces therefore, as may be appropriate or necessary”.

Once a Municipality has designated a “Community Improvement Project Area”, prepared and adopted a Community Improvement Plan for this project area, and the Community Improvement Plan is approved by the Minister of Municipal Affairs and Housing (MMAH), the Municipality may:

- i) acquire, hold, clear, grade or otherwise prepare land for community improvement (Section 28(3) of the *Planning Act*);
- ii) construct, repair, rehabilitate or improve buildings on land acquired or held by it in conformity with the community improvement plan (Section 28(6));
- iii) sell, lease, or otherwise dispose of any land and buildings acquired or held by it in conformity with the community improvement plan (Section 28(6)); and
- iv) make grants or loans to registered owners, assessed owners and tenants of land and buildings within the Community Improvement Project Area, to pay for the whole or any part of the cost of rehabilitating such lands and buildings (Section 28 (7)).

Section 107(2) of the *Municipal Act, 2001* describes the powers of a Municipality to make a grant or loan. In addition to the power to make a grant or loan, these powers also include the power to:

- i) sell or lease land for nominal consideration or to make a grant of land;
- ii) provide for the use by any person of land owned or occupied by the municipality upon such terms as may be fixed by council; and
- iii) sell, lease or otherwise dispose of at a nominal price, or make a grant of any personal property of the Municipality or to provide for the use of the personal property on such terms as may be fixed by council.

Section 365.1(2) and (3) of the *Municipal Act, 2001* allows municipalities to pass a by-law providing tax assistance to an eligible property in the form of a freeze or cancellation of part or all of the taxes levied on that property for municipal and education purposes during the rehabilitation period (maximum 18 months from the date that tax assistance begins), and the development period of the property, both as defined in Section 365.(1) of

the *Municipal Act, 2001*. Section 365.1 of the *Municipal Act, 2001* operates within the framework of Section 28 of the *Planning Act*. A Municipality with an approved Community Improvement Plan in place that contains provisions specifying tax assistance will be permitted to provide said tax assistance for municipal and education purposes.

Section 28(7.1) of the *Planning Act* specifies that the total of all grants and loans made under Section 28(7) of the *Planning Act* and tax assistance provided under Section 365.1 of the *Municipal Act, 2001* in respect of the land and buildings shall not exceed the cost of rehabilitating the land and buildings. The financial incentive strategy and programs contained in Section 7 of this Plan contain safeguards to ensure that this legislative requirement is met.

1.5 Enabling Official Plan Policies

The City of Sarnia Official Plan contains several policies that support and promote the redevelopment and/or rehabilitation of brownfield sites. The specific policies are found in Section 5.13 of this Plan.

Section 5.13.1.1 f) states that one of the general objectives of the community improvement policies of the Official Plan, is to “enhance the environmental attributes of the City.”

Section 5.13.1.4 sets out the objectives for industrial and service commercial areas and states that:

“In industrial areas the City intends:

- a) to encourage appropriate development and redevelopment to facilitate economic activity;
- b) to eliminate land use conflicts; and
- c) to upgrade access and servicing to industrial areas where deficient.”

Section 5.13. 2 of the Official Plan sets out the criteria for community improvement. The criteria for industrial areas are contained in Section 5.13.2.4 of this Plan.

Section 5.13.4 of the Official Plan makes reference to the legislative authority for the City to adopt community improvement plans and to designate community improvement project areas.

1.6 Plan Administration

This Plan will be administered primarily by the Planning and Building Department, in conjunction with the Corporate Services Department and the Finance Department. Preliminary details with respect to the administration of each program have been provided in this Plan. When necessary, additional reports, providing greater detail on program administration, will be prepared.

1.7 Revisions to the Community Improvement Plan

The monitoring of this Plan may lead to revisions to the objectives, strategies and/or programs. The City may periodically review and adjust the terms, eligibility requirements, duration or level of incentives contained in any of the programs of this Plan, or discontinue any of the programs of this Plan, without amendment to the Plan. The addition of new programs or strategies that are not expressly referenced in this Plan and any changes to the boundaries of the designated project area will require formal amendment in accordance with Section 28 of the *Planning Act*. The addition of new programs or strategies that are not expressly referenced in this Plan will require approval by the Province and shall be undertaken in accordance with Section 28 of the *Planning Act*.

2.0 COMMUNITY IMPROVEMENT PROJECT AREAS

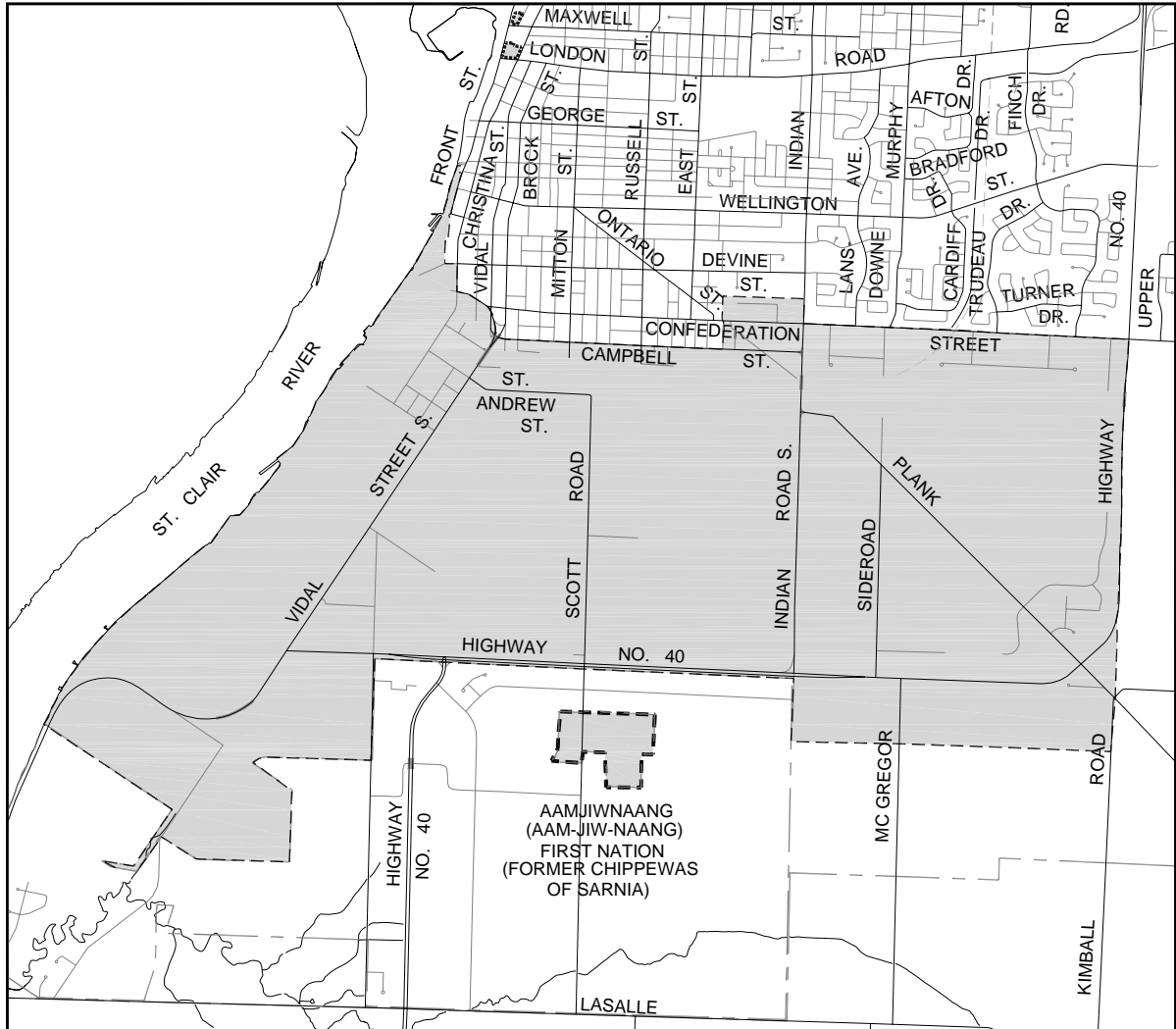
The Brownfield Community Improvement Plan applies to the lands within the Community Improvement Project Areas shown on Figure 1. These Project Areas include existing and former older industrial areas occupying a total area of approximately 2,295 hectares.

These Community Improvement Project Areas were chosen because they comprise either existing or former older, heavy industrial areas of the City. Approximately 95% of the land in these areas is presently designated for industrial use in the City's Official Plan and is zoned as either Light Industrial or Heavy Industrial. Given the current and former industrial uses and the old age of many of the buildings in the areas, some of the sites suffer from potential or actual environmental contamination, building obsolescence and dilapidated on-site and off-site infrastructure. Accordingly, the Project Areas contain properties that meet the goals and criteria of this Plan.

The boundaries of the Community Improvement Project Areas are based on present and past land use, potential for environmental contamination, physical characteristics and barriers, potential for redevelopment and Official Plan and Zoning designations. Applications for the funding programs outlined in this Plan can be made only for properties within the Project Areas subject to meeting the program requirements specified in the Plan.

FIGURE 1

BROWNFIELD COMMUNITY IMPROVEMENT PROJECT AREAS



PREPARED BY: CITY OF SARNIA PLANNING & BUILDING DEPARTMENT
DATED JUNE 18, 2004.

SOURCE: ASSESSMENT MAPS



NOT TO
SCALE

3.0 PROJECT AREA CHARACTERISTICS

To understand the origin and nature of the physical problems in the Project Areas, it is important to understand the economic history and current role played by these areas.

In 1897, the Imperial Oil Company developed a refinery to refine crude oil brought in from the County. It was the first of many industries built along the St. Clair River in the Project Area. The area would become known internationally as the Chemical Valley. To meet the demand for oil, oil pipelines were eventually built from western Canada to supply the local refineries. In the 1942 the Canadian Government built Polymer to manufacture synthetic rubber. In 1948, Fiberglass Canada built a plant to manufacture insulation. To produce carbon black, a product used in the manufacture of rubber, Cabot Carbon was built in 1952. Later, Dow Chemical of Midland, Michigan located in the Chemical Valley. They produced among other products, styrene which is used in the production of rubber. Sunoco developed a refinery in the Chemical Valley in 1954.

Today, the Project Area south of Confederation Street supports a vast network of petrochemical and refining complexes. Products manufactured in the area include liquid oil products, synthetic rubber, plastics, detergents and basic petrochemicals. Since these large industries produced a variety of by-products, secondary industries were also developed in the area. An extensive infrastructure also exists to support the capital intensive petrochemical and refining sectors. Many of these companies have located in the Project Area and include construction contractors, industrial service firms, warehousing, transportation companies and wholesale distributors. The second largest railway yard in Ontario is also located within this Project area.

Over the years, as global restructuring has taken place, some industries have either closed or downsized and their properties have either been partly cleared of buildings, abandoned or remain for sale. Some industrial sites are underutilized and are supported by outdated infrastructure. On many sites the soil is contaminated.

The majority of the City's industrial base is located within the Project Area south of Confederation Street. This area is vital to the City's economic health. It is important that the brownfield sites within this area be identified and encouraged to redevelop wherever feasible, in order to enhance the image and economy of the Project Area and the City.

The Project Area located on the east side of Front Street, north of London Road was formally occupied by industrial uses. Much of the area has been converted into service-commercial uses. There is also an existing electric power substation site located within the area which is contaminated with coal tar.

4.0 PUBLIC PARTICIPATION

An informal public input session was held on October 7, 2004. A total of 12 persons attended the session, representing a variety of property and business interests within the Community Improvement Project Areas.

Verbal input provided at the meeting can be summarized as follows:

- There is strong interest in financial incentive programs that the municipality could implement to encourage site clean-ups and site restorations; and
- There is also strong interest in a “building rehabilitation loan program”, similar to the Facade and Building Program currently being implemented in the Downtown area. This program would be used to help with the rehabilitation of obsolete, deteriorated and contaminated buildings.

A statutory public hearing was held on May 30, 2005. Two public presentations were made at the meeting. An owner of a brownfields site, spoke in strong support of the proposed Plan. A second property owner asked that consideration be given to including parking, landscaping and drainage improvements as eligible items for the Building Rehabilitation Loan Program. There was no opposition expressed to the Plan.

5.0 GOALS

The principal Community Improvement Goals for the Brownfield Community Improvement Project Areas are:

- Put in place a strategy for cleaning up and redeveloping brownfield sites in Sarnia
- To identify candidate priority brownfield sites
- To promote brownfield redevelopment as a practical tool for sustainable development
- To promote the planning and implementation of improved services and infrastructure where necessary in order to provide an acceptable level of service and to accommodate the redevelopment of industrial properties
- To enhance the environmental image and economy of the Project Areas and City through environmental remediation, site enhancement, building improvements and redevelopment

6.0 OBJECTIVES

The specific objectives of this Community Improvement Plan are as follows:

- To increase tax assessment for the City, County and the Province
- To retain and increase employment opportunities
- To improve environmental health and safety
- To contribute toward the revitalization of the older industrial areas of the City through the implementation of appropriate grant and loan programs
- To retain and facilitate the expansion of existing industrial uses and attract new industrial uses
- To slow urban expansion into Rural areas
- To improve the physical and visual quality of the Project Areas
- To stimulate private investment activity and private property maintenance

7.0 FUNDING PROGRAMS

7.1 Why Financial Incentives are Necessary

Research indicates the brownfield sites have varying levels of contamination and thus varying levels of clean-up costs. It has been estimated that in only 10% of cases does the clean land value exceed clean-up costs thus making the majority of sites unattractive from a market perspective for redevelopment purposes. Research has shown that in 60% to 80% of the cases, the cost of clean-up is such that it is unlikely that private sector redevelopment will occur without incentives being put in place.

In recognition of the financial challenges associated with brownfield redevelopment projects as well as the increased uncertainty and possible risk of increased costs once clean-up is undertaken, a number of municipalities have established funding programs for site clean-ups and building rehabilitations.

In May of 2004, City Council directed that a Community Improvement Plan (CIP) to promote the redevelopment of industrial properties in the City be prepared. This Plan represents a comprehensive framework containing a tool kit of programs, that when taken together, are designed to achieve the goals and objectives outlined in Sections 5.0 and 6.0 respectively.

The Brownfields Community Improvement Plan will be administered primarily by the Planning and Building Department, in consultation and cooperation with other Departments, including the Corporate Services Department and the Finance Department.

The Plan outlines the following potential funding program initiatives:

- Tax Arrears Cancellation Program;
- Tax Assistance Program;
- Tax Increment Based Grant Program;
- Building Rehabilitation Loan Program;
- Planning, Development and Building Fees Grant Program; and
- Development Charge Exemption Program.

7.2 General Program Requirements

All of these financial incentive programs are directed at the private sector and are designed to encourage private sector remediation and rehabilitation construction activity. These financial incentive programs can be used individually or together by an applicant.

All of the financial incentive programs contained in this Plan are subject to the following general requirements as well as the individual requirements specified under each program. The general and program specific requirements contained in this Community Improvement Plan are not necessarily exhaustive and the City of Sarnia reserves the right to include other requirements and conditions as deemed necessary on a property specific basis:

- The City reserves the right to audit the cost of environmental studies, feasibility studies, environmental remediation works, and/or rehabilitation works that have been approved under any of the financial incentive programs contained in this Plan, at the expense of the applicant;
- The total value of grants provided under one or more of the financial incentive programs shall not exceed the total cost of rehabilitating the lands and buildings;
- The City of Sarnia is not responsible for any costs incurred by an applicant to any of the programs in this Community Improvement Plan, including without limitation, costs incurred in anticipation of a grant and/or tax assistance;
- If the applicant is in default of any of the general or program specific requirements, or any other requirements of the City, the City may delay, reduce or cancel the approved grant and/or tax assistance;
- The City may discontinue any of the programs contained in this Community Improvement Plan at any time, but applicants with approved grants and/or tax assistance will still receive said grant and/or tax assistance, subject to meeting general and program specific requirements;
- All proposed works approved under the incentive programs and associated improvements to buildings and/or land shall conform to all City by-laws, policies, procedures, standards and guidelines, including applicable Official Plan and zoning requirements and approvals;

- The improvements made to buildings and/or land shall be made pursuant to a Building Permit, and constructed in accordance with the Ontario Building Code;
- Outstanding work orders and/or orders or requests to comply from the City must be satisfactorily addressed prior to grant and/or tax assistance approval.
- Generally, property owners responsible for contaminating their site shall not be eligible for any of the municipality sponsored brownfields grant and loan programs. The only exceptions are applications associated with the removal of asbestos from existing industrial buildings.
- The programs are available to all registered assessed owners of land and purchasers of land.
- In the event a property is sold while receiving assistance from one or more approved programs, the remaining assistance may be transferable to the new owner, subject to City Council approval.

7.3 Tax Arrears Cancellation Program

The City of Sarnia may consider the clearance of municipal property tax arrears by a bona fide purchaser or a lien holder of a brownfield site if all of the following conditions are satisfied:

- The property has been put up for tax sale and there were no successful bidders.
- The applicant agrees to carry out all required environmental site assessments or site specific risk assessments by qualified persons and in accordance with the Environmental Protection Act.
- The applicant agrees to carry out site rehabilitation to permit the filing of a Record of Site Condition in the Environmental Site Registry and to comply with any certificate of property use issued under the Environmental Protection Act or agrees to carry out an adaptive reuse project on the property in conformity with applicable environmental guidelines.
- The proposed use of the property will generate property tax revenues for the City.

This program allows the City to promote the redevelopment of such brownfield sites without exposing the municipality to the risks of ownership. This program would be applied to properties where the combined cost of environmental remediation and outstanding property taxes exceed the market value of the property as a “clean” site. The approach recognizes that it will be highly unlikely that a purchaser will pay more in site clean-up and outstanding taxes than the property is worth as a “clean” site, given the

availability of other non-contaminated sites in the municipality. The tax arrears cancellation program is to be applied as follows:

- The market value of the property as a “clean” site would be determined;
- The cost of site assessment and remediation would be determined;
- The difference in value between the market value of the property (“clean” site value) and the site assessment/remediation costs would be established as the amount of the outstanding taxes required to be paid; and
- The balance of the outstanding taxes would be cancelled.

Applicants will be required to enter into an agreement with the municipality setting out the terms and conditions to be applied to the cancellation of tax arrears as well as a requirement for a Record of Site Condition to be registered on title.

The details associated with this program are outlined in Appendix A.

7.4 Tax Assistance Program

Property tax assistance for this Program is provided under the authority of Section 365.1 of the *Municipal Act, 2001*, which enables municipalities to cancel all or a portion of property tax levied on eligible brownfield properties. The legislation allows tax relief to be initiated during the period of time when clean-up is being done until such time as is specified in the municipal by-law or when the amount of tax relief equals the cost of remediation, for a period of up to 10 years. The intent of this program is to reduce or cover the remediation costs, including site assessments. A municipal by-law is required to be passed for a property for which an application is made for assistance. A single by-law can provide tax assistance for multiple properties if the by-law lists each property.

The Minister of Finance may approve matching education property tax assistance for an eligible property. The matching education property tax assistance may be provided on a different schedule from the assistance provided by the municipality and may be subject to additional conditions. Matching education property tax assistance will be considered by the Minister of Finance on a case-by-case basis under the Brownfields Financial Tax Incentive Program, typically for a maximum of three years as described in the program guide. However, applications with longer development periods may be approved by the Minister of Finance under the program if there are exceptional circumstances.

As part of the tax assistance provided to the applicant, the City may also seek participation from the County of Lambton in order to provide for the cancellation of all or a portion of the taxes levied for municipal purposes by the County. Upper-tier assistance may be delivered differently than the assistance provided by the municipality and may be subject to additional conditions.

Tax assistance under the Program is applied to the costs of site remediation and is available during the rehabilitation and development periods of eligible properties. The

maximum amount of tax assistance available is the cost of rehabilitating the property. The City would be responsible for establishing and administering the program and would set the eligibility criteria for tax assistance for the municipal portion of the property tax.

Appendix A to this Plan outlines the details of the program.

7.5 Tax Increment Based Grant Program

The Tax Increment Based Grant Program will provide financial relief in the form of grants to property owners who undertake to rehabilitate properties within the Brownfields Community Improvement Project Areas that result in a re-assessment and a subsequent municipal tax increase on these properties. This program is designed to help mitigate a major financial impediment to brownfield rehabilitation efforts, namely the large tax increase that results when a property is rehabilitated. This program is also designed to leverage public sector investment and helps to encourage rehabilitation that might otherwise not take place.

In order to minimize cost and financial risk to the City, the Tax Increment Based Grant program is structured as a “pay as you go” program. The property owner will initially pay for the entire cost of the rehabilitation project and pay all property taxes. The City will then reimburse a portion of the municipal taxes to the developer/property owner in the form of an annual grant, as the City receives the incremental property taxes. The general framework for a tax increment grant program is described below while the details of the program are outlined in Appendix "A".

Under the program, properties that are re-assessed as a result of rehabilitation will be eligible to apply for a grant for a period of up to ten (10) years following the work that would "trigger" an assessment increase. At the time of a building permit application, a property owner would register their intent to participate in the grant program.

The amount of municipal taxes paid would be determined, and upon the completion of the eligible works, the municipal taxes to be paid as a result of the re-assessment would be calculated. The difference between the municipal portion of the taxes prior to the works being undertaken, and the taxes after the completion of the eligible works shall be the portion eligible for a grant under this program. The building permit would act as the "trigger" for having the property re-assessed following the rehabilitation work.

The grant is self funding. That is, the municipal portion of the taxes collected is used to fund the grant program.

The grant schedule would be calculated for a period of up to ten (10) years, with the amount of the grant consistent over the period. The amount of the grant would vary, depending upon the extent of eligible rehabilitation costs and participation in other financial incentive programs.

The grant program would apply to all eligible buildings and sites located in the Project Areas.

The proposed grant schedule for this element of the program would equal 100% of the increase in the municipal portion of taxes; provided that the total value of the grant provided under this program shall not exceed the cost of rehabilitating the lands and buildings.

7.6 Building Rehabilitation Loan Program

The purpose of this program is to stimulate interest in rehabilitating obsolete, deteriorated and contaminated buildings in order that they may be reused. The registered owners of all properties located within the Brownfields Community Improvement Project Areas would be eligible to apply to the program. Each application received would be evaluated based on its own merit.

Funding would be made available on a revolving fund basis at an interest rate that is one half of the prime rate and repaid over a period of 10 years. It is further suggested that the maximum loan should be either \$100,000, or the total cost of rehabilitation, whichever is less; however, the City reserves the right to consider all loan requests and its decision shall be final. Eligible improvements would include but not be limited to:

- Exterior restorations (repainting, cleaning, brick work and metal cladding);
- Window/door repairs and/or replacement;
- Repair and/or replacement of the roof;
- Interior renovations (lighting, plumbing, air conditioning and heating); and
- Removal of contaminated materials (i.e. asbestos).

7.7 Planning, Development and Building Fees Grant Program

The purpose of this program is to stimulate investment on brownfield sites in the Project Areas through rebates from specific planning, development and building fees.

As a further incentive to encourage rehabilitation in the Project Areas, City Council may offer a rebate in the form of a grant, all planning, development and building permit application fees for eligible brownfield properties, to encourage new development, redevelopment, remediation and rehabilitation.

The rebate of such fees would demonstrate to the owners of brownfield sites that the City is attempting to assist in the rehabilitation of the older industrial districts of the City.

Under this proposal, Brownfield property owners would be required to submit planning, development and building applications and their associated fees to the City and comply with applicable municipal and provincial standards, regulations and policies. However, the cost of the application(s) would be rebated in the form of a grant.

7.8 Development Charge Exemption Program

The Brownfields Community Improvement Project Areas are, for the most part, serviced by municipal services. While there will be additional use of these services as a result of redevelopment in the area, the use of the existing services which have already been paid for and could result in a significant public benefit by reducing urban sprawl and its related costs.

The City recently adopted a new Development Charges By-Law in July of 2004. It is recommended that all eligible brownfield sites be exempted from paying development charges pursuant to Section 2(7) of the Development Charges Act. This will require an amendment to the Development Charges By-Law. It is recommended that the By-Law be amended when the By-Law is reviewed.

Exempting all eligible brownfield sites in the Project Areas from development charges will help to encourage construction activity in the Project Areas by attracting development and redevelopment that may otherwise locate on greenfield sites.

8.0 OTHER INITIATIVES

8.1 Brownfields Marketing and Promotion Program

The financial incentives outlined in this Plan are designed to make remediation, rehabilitation and redevelopment opportunities in the Community Improvement Project Areas much more attractive. Therefore, key redevelopment opportunities and the financial incentives contained in this Plan must be effectively communicated and explained to the development industry for the Plan to be successful. It is proposed that a marketing tool called the Brownfields Marketing and Promotion Program be created, subject to funding approval.

The program is proposed as a multi-faceted program comprised of information, education and marketing components. A list of key brownfield sites would be compiled by the Corporate Services Department (Economic Development Section) in consultation with the Planning and Building Department and the Sarnia-Lambton Economic Partnership. All available sites would be identified, packaged and made available to potential investors in a marketing document and on the City's web site.

Accompanying the marketing materials should be an education program designed to communicate the incentives approved by City Council, to the development industry. This should also include a notice mailed to all property owners within the Community Improvement Project Areas to inform them of the adoption of the Community Improvement Plan and details of the various approved funding programs.

Brownfield redevelopment and reuse is more difficult than typical "greenfield" development. This is due to additional and often uncertain costs associated with the assessment and remediation requirements, demolition costs, financial risk and risk of liability. Both the development industry and financial institutions have been wary of brownfield redevelopment projects despite the availability of environmental liability

insurance. Recent legislative changes in Ontario and the establishment of financial incentive tools can help to address these concerns. There is a need to demonstrate the viability of brownfield development opportunities to development interests both within and outside the community.

Action:

1. Identify and market strategic brownfield sites and municipal incentive programs by developing a marketing brochure and possible web based promotion material identifying key development related information as well as potential development concepts and the effects of incentive programs.

8.2 Brownfields Data Base Program

In order to provide the information required to properly identify, describe, evaluate and market key brownfield sites, a data base is needed. This data base should include the location, size, ownership and other relevant information with respect to vacant and under-utilized brownfield sites within the Project Areas. The data base will also provide an opportunity to consolidate information which has been gathered on an individual basis relating to site assessment evaluations and site remediation efforts.

The data base will provide accurate and timely information to assist staff in:

- Responding to information requests;
- Monitoring development in the Project Areas;
- Implementing and monitoring the programs in this Plan;
- Providing feedback needed to modify the programs in this Plan; and
- Supplying information needed for the Brownfield Marketing and Promotion Program.

This program should be administered by the Corporate Services Department (Economic Development Section) in consultation with other Departments as necessary.

Action:

1. Create and maintain an electronic data base to consolidate a variety of information useful for the redevelopment/reuse of known brownfield sites including ownership, past history, physical characteristics, level of risk and site assessment and remediation efforts.

8.3 Monitoring and Evaluation

All municipal initiatives in support of a brownfields redevelopment strategy should include a monitoring component to evaluate the success in the achievement of the Plan's goals and objectives.

Action:

1. *Establish a benchmarking system to measure the success of initiatives concerning brownfield redevelopment.*

8.4 Participation in Senior Government Funding Programs

Periodically during the course of implementing this Plan, the municipality may participate in Provincial and Federal brownfields related, funding assistance programs. In this regard, the City will incorporate the details associated with such programs into the Appendices attached to this Plan as programs are developed and made available by senior levels of Government. The Provincial Government's Brownfields Financial Tax Incentive Program is described in Appendix A. There are also two funding programs established by the Federal Government which are described below.

8.4.1 Green Municipal Funds

The Green Municipal Funds were established in 2000 by the Federal Government to stimulate investment in innovative municipal infrastructure projects or practices to improve the environmental performance of Canadian municipalities. There are two funds: the Green Municipal Enabling Fund (GMEF) and the Green Municipal Investment Fund (GMIF). The funds are managed by the Federation of Canadian Municipalities (FCM). The funds are open to Canadian municipalities and to public-sector or private-sector partners working with a municipality. A brief summary of the two funds is provided below.

8.4.1.1 Green Municipal Enabling Fund

The Green Municipal Enabling Fund is a five-year, \$25 million fund that provides grants to support feasibility studies. The studies would assess the technical, environmental and/or economic feasibility of innovative municipal projects. Grants cover up to 50 per cent of eligible costs to a maximum grant of \$100,000.

8.4.1.2 Green Municipal Investment Fund

The Green Municipal Investment Fund is a \$200 million permanent revolving fund that supports the implementation of innovative environmental projects. Through the fund, a municipality, or its public or private-sector partner, can borrow at competitive rates (1.5% below the Bank of Canada prime rate) for up to 15% of capital costs. Project payback periods may range from four to ten years. The fund can also provide guarantees, and highly innovative pilot projects are eligible for grants. The maximum grant is \$50,000 except when part of a loan package, when the grant may be up to \$200,000.

9.0 CANDIDATE SITES

The following is not intended to be an exhaustive list of brownfield sites within the Project Areas. These sites have been identified based on local knowledge, previous land use and public input. It is anticipated that there are several other sites located within the Project Areas which would also be considered to be brownfield sites. The locations of the identified sites are shown on Figure 2.

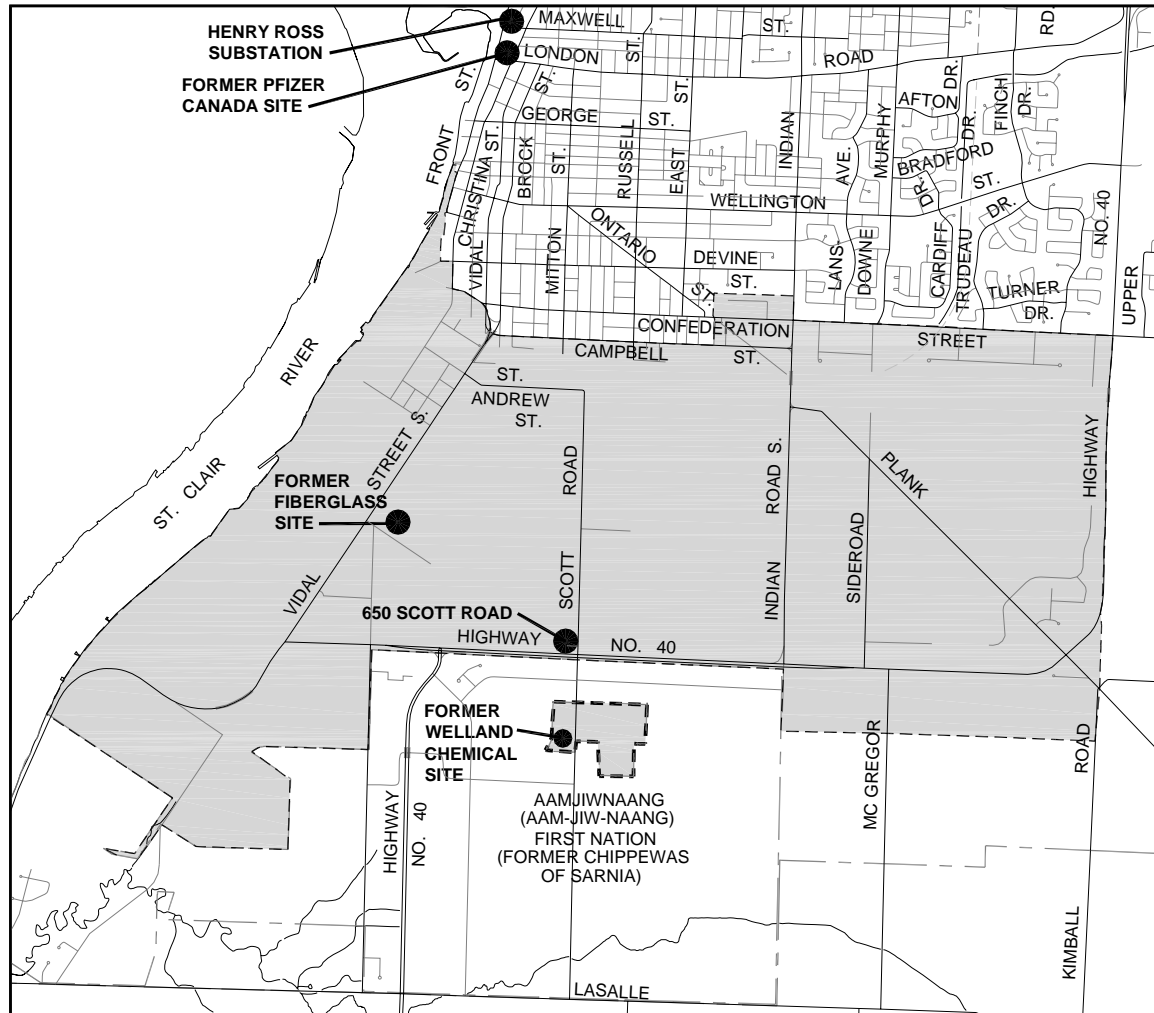
1. Former Welland Chemical Site

Location:	1151 Scott Road
Existing Land Use:	Abandoned chemical plant
Official Plan Designation:	Heavy Industrial
Zoning:	HI 1 (Heavy Industrial 1)
Area:	4.0ha. (10 acres)
Potential contaminants:	aluminum and chlorides

2. Former Fiberglass (Owens Corning) Site

Location:	300 Kenny Street
Existing Land Use:	Vacant industrial buildings
Official Plan Designation:	Heavy Industrial
Zoning:	HI 1 (Heavy Industrial 1)
Area:	13.2ha. (32.6 acres)
Potential contaminants:	boron (soil) and asbestos (buildings)

FIGURE 2 CANDIDATE BROWNFIELD SITES



PREPARED BY: CITY OF SARNIA PLANNING & BUILDING DEPARTMENT
DATED MARCH 31, 2005.

SOURCE: ASSESSMENT MAPS



NOT TO
SCALE

3. Henry Ross Substation Property

Location:	northwest corner of Maxwell and Water Streets
Existing Land Use:	electric power substation
Area:	0.52ha. (1.2 acres)
Known contaminants:	coal tar (soil)

4. Former Pfizer Canada Inc. Site

Location:	404 and 402 Front Street
Existing Land Use:	Vacant
Area:	0.17ha. (0.43 acres)
Potential Contaminants:	Various chemicals used in the production of pesticides

5. Former Canadian General Electric Company Limited Site

Location:	650 Scott Road
Existing Land Use:	Vacant industrial building
Area:	0.48ha. (1.1 acres)
Potential Contaminants:	resin based compounds including styrene, ethylbenzene and toluene

APPENDIX "A"

DETAILS OF PROPOSED FUNDING PROGRAMS

1. Tax Arrears Cancellation Program

Theme:

- Reducing financial barriers

Purpose:

- To acknowledge that certain taxes are not collectable.
- To stimulate brownfield rehabilitation by bona fide third parties.
- To encourage the sale of brownfield sites to new owners.

Rationale:

- Accrued tax arrears can be significant in relation to the value of the property. These taxes may not be collectable, especially in the case of abandoned or orphaned properties. Where outstanding taxes combined with clean-up costs exceed the clean land value, redevelopment is highly unlikely.

Program Administration:

- Finance (provide information on tax arrears and recommendations to Council)
- Legal (create agreements)
- Planning and Building (administer the program)

Program Details:

- The cancellation of tax arrears is authorized by Sections 354(1) – 354(3) of the Municipal Act, 2001. Where the Treasurer of a municipality, following an unsuccessful tax sale, deems that taxes on a property are not collectable, the Treasurer may recommend that tax arrears be written off. Council approval is required.
- Realty tax arrears on contaminated properties can be cancelled as an incentive to potential purchasers to redevelop such properties.
- The property must be in tax arrears a minimum of 3 years.
- There must be evidence of environmental contamination which exceeds Provincial standards based on a Phase 2 Environmental Study.
- The amount of tax arrears combined with the estimated clean up costs must exceed the clean land value of the property. The purchaser must enter into an

- agreement with the City where the purchaser agrees to obtain an appraisal of the property as if there was no environmental contamination (to determine whether the tax arrears are significant in relation to the value of the uncontaminated property).
- The purchaser must be a *bona fide* arm's length purchaser or lien-holder.
 - For the purpose of this program, a bona fide purchaser is defined as a person who submits:
 - A copy of a signed offer to purchase; and,
 - A declaration that the individual is not selling to a related interest.
 - The purchaser must agree to prepare a site remediation plan and the purchaser must also agree to clean up the site to Provincial standards and submit a Record of Site Condition certifying that the clean-up has been completed within a defined time period. The Record of Site Condition must be acknowledged by the Ministry of the Environment. The agreement with the City will identify the extent and expected costs of the clean-up as outlined in the remedial clean-up plan.
 - It is the intent of the City that tax cancellation agreements may be used in conjunction with other brownfield incentives provided that the cumulative grant total of these incentives does not exceed site assessment and site remediation costs.
 - Grant applications cannot be retroactively applied for.
 - If the property remediation is not initiated within a specified time period, any grants will be forfeited and repayable to the municipality.
 - The City and the property owner will enter into a Tax Cancellation Agreement. This agreement will specify the terms of the tax cancellation, such as; the total amount of the grant, the owner's obligations should the owner default on the Agreement, and any other requirements specified by the City.
 - Tax cancellation applications will be reviewed by the Planning and Building and Finance Departments for a joint recommendation to Council.
 - Each tax cancellation application requires Council approval.

2. Tax Assistance Program

Theme:

- Reducing Financial Barriers

Purpose:

- To promote site assessments and the remediation of brownfield sites.
- To encourage new development in existing built-up areas of the City.
- To gain information relating to environmental contamination.

Rationale:

- Brownfield sites have increased costs associated with the need to undertake environmental site assessments and site rehabilitation. If these up front costs can be reduced, the economic feasibility for a brownfield redevelopment / reuse can be enhanced.

Administration:

- Finance
- Planning and Building
- Legal

Program Details:

- During the rehabilitation period up to 100 per cent of the property taxes due for municipal and school purposes will be cancelled.
- During the development period up to 100 percent of the property taxes due for municipal and school purposes will be cancelled.
- The total amount of property taxes cancelled during the rehabilitation and development periods for a property shall not exceed the total eligible costs of the work required to prepare a Record of Site Condition for the property that is acceptable to the Ministry of the Environment and filing in the Environmental Site Registry and the cost of complying with any certificate of property use issued under the Environmental Protection Act.
- The terms "rehabilitation period" and "development period" shall have the meanings as set out in Section 365.1 of the Municipal Act, 2001.

Eligible Costs and Projects:

- Costs associated with the preparation of Phase I or II environmental site

assessments or site specific risk assessments by qualified professionals net of any municipal grants received by the property owner to carry out such studies;

- Removal of designated substances and environmental remediation;
- Demolition of existing buildings on the property; and
- Site preparation including the construction/removal of on-site public works, e.g., water, sanitary and storm services, roads.

Program Details:

- The subject property must be located within the Brownfield Community Improvement Project Area.
- The subject property must not be in a position of property tax arrears. All property taxes shall be paid or cancelled, before the disbursement of any grant money.
- A Phase II environmental site assessment must have been completed for the property indicating that the property does not meet the standards under paragraph 4 of subsection 168.4 of the Environmental Protection Act to permit the filing of a Record of Site Condition in the Environmental Site Registry or a site specific risk assessment has been completed to identify the work required to comply with a certificate of property use issued under the Environmental Protection Act.
- The applicant must provide the City with estimates, prepared by qualified professionals of the cost of rehabilitating the property to permit the filing of a Record of Site Condition with the Environmental Site Registry and the cost of complying with any certificate of property use issued under the Environmental Protection Act.
- The property must be rehabilitated to a standard that accommodates the uses permitted within the Official Plan land use designation for the property.
- Applicant would be required to enter into an agreement with the City specifying the terms of the tax relief, the duration of tax relief, the owner's obligations and other requirements specified by the City.
- City will request the Province to provide relief from the education portion of taxes and the County of Lambton to provide relief from the County portion of municipal taxes.

3. Tax Increment Based Grant Program

Theme:

- Reducing financial barriers.

Purpose:

- To stimulate private sector investment in remediation.
- To reimburse private sector clean-up costs without incurring municipal debt.
- To increase the long-term municipal tax base.
- To reward remediation.

Rationale:

- If the project was not undertaken; the municipality would not be receiving increased tax revenue.
- Once the rehabilitation loan is paid the municipality collects the full amount of municipal taxes for the remaining lifespan of the project.
- The municipality does not incur actual debt because the developer and/or the financial institution finance the entire project.

Program Administration:

- The Planning and Building Department, in consultation with the Finance Department, will be responsible for the administration of the program. Upon the payment of all municipal taxes by participating projects, the Finance Department will notify the Planning and Building Department, so that the grant for the year can be processed. The Planning and Building Department, in consultation with the Finance Department, will be required to compile the list of participating projects on an annual basis so that sufficient funds can be budgeted in the following year to fund the program.
- The Planning and Building Department would administer the program, and request the grant cheques through Finance after the annual municipal taxes were paid. Eligible properties will have a grant schedule prepared. This way, the property owner knows how much the program will provide them. Also, the City will know the payment schedule and term of the grants for each property.

Program Details:

- Grants are based on the future increase in tax assessment and consequent increase in City property tax revenues related to brownfield redevelopment projects. As property assessment rises, taxes payable on a property also rise. The developer pays the increased taxes to the City as normal and is subsequently provided a

grant for the City portion of the increase, not to exceed *Eligible Brownfield Redevelopment Costs* as defined below.

- Any tax increment funding will either not exceed the costs of site assessment and site rehabilitation or shall not exceed 10 years duration whichever is the lesser amount.
- The program will only be available when building permits have been issued and the assessed value of the property increases. It is the intent of this program to encourage not only remediation of contaminated sites but also their rehabilitation and reuse.
- Tax increment grants will generally be provided in equal installments, in the amount of 100% of the municipal portion of the property tax increase. The amount of the grant could however, vary, depending upon the extent of eligible rehabilitation costs and participation in other financial incentive programs.
- The definition of vacant land will refer to the status of the property at the time of program approval. If subsequent demolition occurs the tax increment will be the difference between the assessment at the time of program approval and that following reassessment. It is the intent of this clause to avoid unnecessary demolitions and support adaptive re-use of architecture.
- Grant applications cannot be retroactively applied for.
- It is the intent of this program that grants be used to fund only the eligible Brownfield Redevelopment Costs exclusive of any other brownfield incentives provided.
- The City reserves the right to independently audit Eligible Brownfield Rehabilitation projects.
- The subject property shall not be in a position of tax arrears. All taxes owing shall be paid, prior to the disbursement of any grant money.
- If a building(s) erected on a property participating in this program is demolished before the grant period expires, the remainder of the monies to be paid out under the grant shall be forfeited and repayable to the municipality.

Eligible Brownfield Rehabilitation Costs:

- The eligibility requirements for this program are:
 - a) Any property owner desiring to be considered for a grant under this program shall make an application in writing to the City at the time of requesting a Building Permit;

- b) To qualify, property owners must satisfy the following conditions:
- The amount of rehabilitation undertaken shall be sufficient to result in a reassessment of the property;
 - If the building(s) is demolished before the grant period elapses it shall cause future grants to be forfeited.
 - The grant schedule for the program would equal 100% of the increased taxes, provided that the total value of the grant provided under this program shall not exceed the cost of rehabilitating the lands and buildings.
 - Eligible program costs include the cost of:
 - i) environmental site assessments (Phase II and Phase III);
 - ii) environmental remediation and costs of achieving a Record of Site Condition and Certificate of Property Use as may be required;
 - iii) site preparation, including construction/improvement of on-site infrastructure works;
 - iv) demolitions at the discretion of Council; and
 - v) costs of removing building contamination for projects involving re-use of existing structures.

Administration and Approval Process:

- Applications to the program will be reviewed and approved by the Planning and Building Department. A grant application should be submitted to the Planning and Building Department as early as possible in the development approval process.
- Both the pre-construction and post-construction property assessments are established and certified. The City reserves the right to obtain an independent third party to review the proposed rehabilitation program and costing.
- Eligible Brownfield Rehabilitation Costs are identified and certified.
- The owner continues to pay the property taxes for the site at its pre-construction assessment value.

- The amount of the grant is equivalent to the increase in the municipal portion of the property taxes resulting from the reassessment of the property following rehabilitation. The incremental tax increase will be calculated and determined to be the grant equivalent for the term of the grant program.
- Reassessment must result in higher assessment. It is the intent of this program to encourage not only rehabilitation but also adaptive re-use.
- This grant is available for a maximum period of 10 years to be set out in an agreement between the municipality and owner.
- If during the course of the work, the scope of the work changes, or actual costs are greater or less than estimated costs, the City reserves the right to increase or decrease the total amount of the grant.
- The grant is not to exceed Eligible Brownfield Development Costs for the property and shall be limited to the cost of site assessment and site/building remediation costs.
- A Record of Site Condition must be prepared certifying site remediation to minimum contaminant levels prescribed by the Province and must be submitted to the City and acknowledged by the Ministry of the Environment before any grants are issued.
- The grant will be issued to the property owner.
- The City and the property owner will enter into a Rehabilitation Agreement. This Agreement will specify the terms of the financing, the activities which will be considered Eligible Brownfield Rehabilitation Costs, the duration of the grant, the owner's obligations should the owner default on the Agreement and any other requirements specified by the City.