
Subject: Development Charge Demolition Credit Extension Request – Brownfield Redevelopment, Grimsby

Report to: Corporate Services Committee

Report date: Wednesday, July 14, 2021

Recommendations

1. That the eligibility period extension request for the Regional Development Charge demolition credits associated with the brownfield redevelopment located at 362-398 North Service Rd., Grimsby (commonly referred to as “5th Wheel”) **BE APPROVED** as per Table 2 in accordance with section 18 (c) of By-law 2017-98;
2. That the eligibility period extension request for the Regional Development Charge demolition credits associated with 2 Winston Rd., Grimsby, **BE DENIED**; and
3. That no additional extension for the Brownfield Transition agreement made under Schedule F of By-law 2017-98 between the Regional Municipality of Niagara and Losani Homes (1998) LTD. or other grants associated with the 5th Wheel development **BE APPROVED**.

Key Facts

- The purpose of this report is to seek Council’s approval to extend the Regional Development Charges (RDC) demolition credits associated with the brownfield redevelopment located at 362-398 North Service Rd., Grimsby, in accordance with section 18 (c) of the RDC By-law 2017-98 which expired May 22, 2021, (commercial use - restaurant), May 25, 2021, (commercial use - motel) and June 4, 2021, (commercial use - truck wash) and to deny the extension request for 2 Winston Rd., Grimsby.
- The 5th Wheel property currently holds one of four active transition provision agreements under Schedule F of the RDC By-law 2017-98 with an estimated total grant of \$9.9 million (excluding demolition credits).
- As per By-law 2017-98 if a demolition takes place on a brownfield, an application may be made to the Regional Treasurer for an extension of time for the demolition credit of up to three additional years (an increase from the base 5 years) if the redevelopment has not been able to proceed due to delays in completing the remediation works.

- The developer has identified in their extension request, included as Appendix 1 to Report CSD 37-2021, that the site redevelopment was delayed as a result of the environmental remediation work that was required for the site in order to achieve the record of site condition. As such, staff are recommending an extension for the 362-398 North Service Rd. property be granted.
- Staff are not recommending an extension for the 2 Winston Rd. property as this property does not meet the definition of a brownfield from By-law 2017-98 and therefore would not be eligible for the additional 3-year extension.
- Based on current planning application progress, it is not anticipated that building permits for this project will be issued in advance of current RDC by-law expiry on August 31, 2022, and it is not expected that construction will commence until 2022, based on projected planning application timelines.

Financial Considerations

The demolition permits for the properties of 362-398 North Services Rd. and 2 Winston Rd. were issued to the developer on May 23, 2016, (commercial use - restaurant), May 26, 2016, (residential unit – single detached and commercial use - motel) and June 5, 2016, (commercial use - truck wash). As per the demolition permits, the demolition resulted in the removal of 27,213 square feet of commercial building space and one detached residential unit. To date, none of the available demolition credits have been utilized in the redevelopment of the property.

The full demolition credits associated with these properties expired in May and June 2021. If the recommendations of this report are approved, the demolition credit associated with 362-398 North Service Rd. will be extended for an additional 3 years as a reduction of \$346,150 against DCs payable by the developer and the demolition credit of \$20,112 associated with 2 Winston Rd. will remain expired. A summary of expired demolition credit amounts can be found in Table 1.

The demolition credits available would be in addition to the estimated \$9.9 million in DC grants available for this property as per their transition agreement under By-law 2017-98, Schedule F. The Schedule F transition agreements provided eligible brownfield properties with the ability to continue to utilize the 2012 RDC By-law brownfield grant instead of the modified brownfield grants in the 2017 RDC By-law.

Table 1 – Summary of Demolition Credits

Recommended to be Extended – Recommendation 1	Square Footage/ Units	Estimated RDC Rate*	Amount
Demolition Credit Available as per Demolition Permit Issued May 23, 2016 – Restaurant (362-398 North Service Rd.)	9,634	\$12.72	\$122,545
Demolition Credit Available as per Demolition Permits Issued May 26, 2016 – Motel and Res. Detached Unit (362-398 North Service Rd.)	10,626	\$12.72	\$135,163
Demolition Credit Available as per Demolition Permits Issued June 5, 2016 – Truck Wash (362-398 North Service Rd.)	6,953	\$12.72	\$88,442
Total			\$346,150
Recommended to be Denied – Recommendation 2	Square Footage/ Units	Estimated RDC Rate*	Amount
Demolition Credit Available as per Demolition Permits Issued May 26, 2016 – Residential Detached Unit (2 Winston Rd.)	1	\$20,112	\$20,112
Total			\$20,112

* Subject to annual indexing.

For additional clarification, it should be noted that the demolition credits identified in Table 1 are indexed annually with the regular indexing of the overall development charge rates meaning at building permit issuance both the gross RDC payable and the demolition credits are calculated at the current RDC rates.

Analysis

On May 6, 2021, staff received a letter (Appendix 1 to Report CSD 37-2021) from Losani Homes, the owner of subject properties in Grimsby, requesting that the RDC demolition credits associated with the former commercial/residential use properties be extended for an additional three years from the point of expiry. The request was made under section 18 (c) of the RDC By-law 2017-98 which permits an extension of three years (i.e., in addition to the base five years for a total of eight years) if the

redevelopment was delayed as a result of brownfield environmental remediation work required on the site.

Region staff have reviewed the requests and believe the extension associated with 362-398 North Service Rd. is reasonable and fits within the intent of section 18 (c) of the RDC Bylaw 2017-98. As such, staff is recommending Council approve the request to extend the remaining RDC demolition credits associated with 362-398 North Service Rd. in accordance with the dates in Table 2. The demolition credit associated with 2 Winston Rd. property is not being recommended for extension as this property was residential in nature and as such does not meet the definition of a Brownfield from the RDC By-law 2017-98. If the recommendations of this report are approved, the 2 Winston Rd. demolition credit will remain expired.

Table 2 – Summary of Demolition Credits Expiry and Extension

Description	Current Expiry	Extended Expiry
Demolition Credit Available as per Demolition Permit Issued May 23, 2016 – Restaurant (362-398 North Service Rd.)	May 22, 2021	May 22, 2024
Demolition Credit Available as per Demolition Permits Issued May 26, 2016 – Motel and Res. Detached Unit (362-398 North Service Rd.)	May 25, 2021	May 25, 2024
Demolition Credit Available as per Demolition Permits Issued June 5, 2016 – Truck Wash (362-398 North Service Rd.)	June 4, 2021	June 4, 2024
Demolition Credit Available as per Demolition Permits Issued May 26, 2016 – Residential Detached Unit (2 Winston Rd.)	May 25, 2021	N/A

The section from the RDC by-law that allows for the extension has been included below for reference:

“Where demolition takes place on a brownfield, the above conditions apply however, an application may be made to the Regional Treasurer for an extension of time for the redevelopment credit of up to three additional years if the redevelopment has not been able to proceed due to delays in completing the remediation works. This application must be received prior to the expiry of the initial five year period as provided in section 18. (1) of

this By-law. This application will be considered by Regional Council for approval.”

For additional clarification on how a property qualifies as a brownfield, the definition from RDC By-law 2017-98 is included below for reference:

“means land located within the urban areas as defined from time to time in the Regional Official Plan, upon which there has been previous agricultural, industrial, institutional, or commercial or open lands use or other use as prescribed under the Environmental Protection Act, R.S.O. 1990, c.E.19 and Ontario Regulation 153/04 thereto, each as amended from time to time, and for which site remediation is required in accordance with a Phase 2 Environmental Site Assessment, and for which a Record of Site Condition has been filed on the Province’s Brownfields Environmental Site Registry pursuant to the Environmental Protection Act, R.S.O. 1990, c.E.19 and Ontario Regulation 153/04 thereto, each as amended from time to time”

To date, the redevelopment of this property has not resulted in new construction on site which can be seen with the pictures included as part of Appendix 2 to Report CSD 37-2021. While staff recommend an extension of the demolition credits associated with 362-398 North Service Rd. for the project, staff are not recommending that there be an extension to the Brownfield Transition agreement made under Schedule F of By-law 2017-98 between the Regional Municipality of Niagara and Losani Homes (1998) LTD. or other grants associated with the 5th Wheel development. The transition agreement ends August 31, 2022, concurrent with the expiry of the current RDC By-law. In this agreement the developer has the option of prepaying the development charges for the project in advance of August 2022 date. The new 2022 RDC By-law currently being developed by staff and Council will make its own conclusions as to applicable grants and staff recommend that if the developer is unable or unwilling to prepay the RDC by August 31, 2022, the new incentive policies approved by Council should apply to any RDC payable after that date.

Alternatives Reviewed

Council may elect to deny the extension request entirely, which is not recommended. The extension of the demolition credits would be reasonable given the environmental remediation work that was undertaken, Council’s previous endorsement establishing

brownfield remediation as an incentive pillar priority, and the perceived benefit of the redevelopment on the surrounding area.

Relationship to Council Strategic Priorities

This report supports the Council Strategic Priority of Supporting Businesses and Economic Growth.

Other Pertinent Reports

None

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Appendices

Appendix 1 362-398 North Service Rd & 2 Winston Rd - Niagara Region DC Credit Extension Request

Appendix 2 Site Map