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

Report to: Corporate Services Committee

Report date: Wednesday, December 8, 2021

Recommendations

1. That the eligibility period for the Regional Development Charge demolition credits associated with the brownfield redevelopment located at 105 Highway 20 East, Pelham, **BE EXTENDED** to October 17, 2024, as per Table 2, in accordance with section 18 (c) of By-law 2017-98.

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 105 Highway 20 East, Pelham, in accordance with section 18 (c) of the RDC By-law 2017-98 which had the initial 5 years expire on October 17, 2021 (demolition permit issued October 18, 2016).
- 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 that the site redevelopment was delayed as a result of the environmental remediation work that was required for the site.

Financial Considerations

The demolition permits for the property of 105 Highway 20 East, Pelham were issued to the developer on October 17, 2016, for the former commercial/industrial use property. As per the demolition permits, the demolition resulted in the removal of 11,315 square feet of commercial building space and 16,000 square feet of industrial building. To date, none of the available demolition credits have been utilized in the redevelopment of the property.

The demolition credits associated with this property expired on October 17, 2021 (i.e., the base 5 years). If the recommendations of this report are approved, the demolition credit will be extended for an additional 3 years as a reduction of \$228,247 (2021 rates) against DCs payable by the developer as summarized in Table 1.

Table 1 – Summary of Demolition Credits

Demolition Summary	Square Footage	Estimated RDC Rate*	Amount
Commercial Building 1	4,065	\$12.72	\$51,707
Commercial Building 2	7,250	\$12.72	\$92,220
Industrial Building	16,000	\$5.27	\$84,320
Total	27,315		\$228,247

* 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 October 4, 2021, staff received a request from Aiva Property Ltd., the owner of 105 Highway 20 East, Pelham, requesting that the RDC demolition credits associated with the former commercial/industrial use property 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 this property 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 RDC demolition credits associated with 105 Highway 20 East, Pelham in accordance with the dates in Table 2.

Table 2 – Summary of Demolition Credits Expiry and Extension

Description	Current Expiry	Extended Expiry
Commercial Building 1	October 17, 2021	October 17, 2024
Commercial Building 2	October 17, 2021	October 17, 2024
Industrial Building	October 17, 2021	October 17, 2024

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”

Notwithstanding the request for the demolition credit extension, the redevelopment of this property is progressing well as can be seen with the site map included as part of Appendix 1 to Report CSD 72-2021. This property was also previously approved under the RDC Brownfield reduction grant program and had approximately \$308,000 in eligible remediation costs. To date, approximately \$268,000 have been utilized in advance of the demolition credits with \$40,000 outstanding.

It should also be noted that despite the initial 5 years being expired for the demolition credits at the time of writing this report, the application for the additional 3 years was received prior to the expiry of the initial 5 years meaning the request still adheres with the extension provision of the RDC By-law.

Alternatives Reviewed

Council may elect to deny the extension request, which is not recommended. This project involves the redevelopment of a currently underutilized former commercial/industrial site. 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.

Prepared by:

Rob Fleming, MBA
Senior Tax & Revenue Analyst
Corporate Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Corporate Services

Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared in consultation with Margaret Murphy, Associate Director, Budget Planning & Strategy, and reviewed by Helen Chamberlain, Director, Financial Management & Planning/Deputy Treasurer.

Appendices

Appendix 1 Site Map