
MEMORANDUM

CSC-C 12-2022

Subject: Information and Background with Respect to Regional Development Charge (RDC) Brownfield Requests

Date: June 15, 2022

To: Corporate Services Committee

From: Blair Hutchings, Senior Tax & Revenue Analyst

The purpose of this memorandum is to provide additional information and background with respect to the request to delegate to Corporate Services Committee (CSC) made by Christopher Lamb, Newcastle Communities and the letters received from Tim Collins, LandX Developments regarding Artisan Ridge, Thorold and Cyttec, Niagara Falls.

Background

In October 2021, Regional Council approved the Niagara Region Incentives Policy, which resulted in the approval of a new Brownfield RDC Deferral Program. Significant engagement and discussion has already occurred on the Incentives Policy programs, including the Brownfield RDC Deferral Program. The current Brownfield RDC Reduction program expires on August 31, 2022, and has been replaced by the Brownfield RDC Deferral Program. This program provides an interest free deferral of Regional Development Charges (RDC) for eligible Brownfield sites until an occupancy permit is issued or up to five years from signing of agreement.

As these developments are all brownfields and the intent is to gain financial assistance for the cost of remediation, these developments may be entitled to the Brownfield Tax Increment Grant (BTIG) Program. This program will continue to provide relief, up to the cost of remediation, with matching Regional BTIG funding for projects that have been approved for local municipal funding under a Community Improvement Plan (CIP) program, and which have an agreement executed between the municipality and the developer. As a result, these developments do not return any tax revenue to the Region generally for the first 10 years after completion.

All Brownfield RDC Reduction program applications in approved or pending status, have been made aware in writing from the Region that in order to remain eligible for the RDC reduction, building permits must be issued before the expiry of the Region's current RDC By-law on August 31, 2022. This notification has occurred in several formal letters issued to developers in addition to being communicated via email upon any inquiries made regarding applications.

At the RDC Task Force on April 7 and May 19, 2022, the criteria for prepayment agreement with developers in pending or approved status within the program was discussed and approved. The criteria originally required remediation to be complete and Record of Site Condition to be submitted to the province by August 31, 2022, with building permit deadline of December 31, 2022 (a four month extension from the current by-law requirement). This criteria was amended by the Task Force from staff's original recommendations to address concerns from the development community to give those developers, for which their developments are imminent, additional time for delays that are out of their control. Specific examples of potential delays include, those delays related to Provincial approval of the RSC or delays related to City building permit issuance. The date for completion of remediation, submission of Record of Site Condition (RSC) and obtaining Building Permits were all extended to December 31, 2022. The Region recognizes that submissions of RSC and obtaining building permits must happen sequentially, however both must be completed by the deadline of December 31, 2022.

It should be noted, that submissions of incomplete applications before the expiry of the by-law for developments that are not expected to occur until many years into the future, is not consistent with the prepayment concept or the new program design, and as such, is an unreasonable request of the program. In most cases, these applications are submitted by very experienced developers and consultants who are aware that the DC by-law expires every 5 years and that these discretionary incentives are not guaranteed.

Financial Impact

Based on the current request of the two projects (Riverside Dr. and Artisan Ridge) there is an estimated \$12 million in additional Brownfield RDC Reduction grants to be paid to developers and funded from the tax levy. In addition to the three properties seeking an extension, the Region is aware of three other developments who have similar circumstances therefore to mitigate any bonusing implications extension would extend to these as well. There is also a risk that other developments that we are not currently aware of that would benefit from the extension. When taking into account these

additional three developments, the total estimated grants to be funded by taxpayers is \$24 million. This figure excludes any grant for the Cytex property which given the scope of the project is estimated to be significant.

Newcastle Communities

- This developer has had 3 other Brownfield properties (1 complete and closed, 2 expected to pull permits by August 31, 2022). As a result, they have been aware of the programs August 31, 2022, expiry for some time.
- Upon permit issuance, developer will have obtained grants of approximately \$750,000.
- An incomplete application for the Riverside Dr., Welland property was received on June 9, 2022.
- This project has a total potential grant of \$2.6 million.
- This developer's concern appears to be that prepayment agreement criteria has the same date for submission of a Record of Site Condition to the Province and Building Permit issuance. Although the deadline is the same we recognize this must be sequential.

Artisan Ridge

- The Region received an application in April 2018,
- The project was approved in the program on November 8, 2018.
- The developer's approval letter issued in 2018, identified that in order to remain eligible for the reduction, the building permit must be issued before the expiry of the Region's current development charge By-law on August 31, 2022.
- The developer has been aware of the program expiry through subsequent letters issued to the developer in 2021 and 2022 and several emails since 2018.
- The Region has received all required documents from the developer and has audited total remediation costs of \$27 million. Total RDC estimated are \$9.3 million of which \$5.1 million will be granted through the RDC Reduction program for permits they anticipate to obtain by August 31, 2022.
- The remaining \$4.2 million for the next phase of development in 5-7 years falls outside parameters of current program but will be entitled to the BTIG.

Cyctec

- Region has not received a Brownfield RDC reduction application for this property.
- Finance and Planning Staff are not aware of any property details, timelines, remediation etc., other than those in the letter submitted by Tim Collins.
- This project appears to be a large scale brownfield, where remediation costs would likely be substantial resulting in a significant grant
- The timeframes of this project are unknown, therefore this extension request timeframe would likely be significant.

Respectfully submitted and signed by

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