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**Subject:** Regional Funding for Brownfield Tax Assistance Program Grants in the City of Welland

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, September 13, 2023

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## **Recommendations**

1. That Regional participation in Brownfield Tax Assistance Program grants for 264 Riverside Drive and 175 Southworth Street in the City of Welland, **BE APPROVED**; and
2. That Report PDS 25-2023 **BE CIRCULATED** to the City of Welland.

## **Key Facts**

- This report provides information on two requests from the City of Welland for the Region to participate in matching funding under the Smarter Niagara Incentive Program (SNIP) Brownfield Tax Assistance Program (BTAP).
- BTAP grants encourage remediation of brownfield sites by either freezing or cancelling property taxes on a property that is undergoing redevelopment, to assist with the cost of environmental remediation.
- Unlike most Regional matching incentive programs which can be approved through delegated staff authority, the Municipal Act (365.1) requires a resolution by an upper tier municipality to participate in matching funding for a BTAP grant.
- The BTAP grant requests are for the estimated Regional portion of taxes up to eligible costs over a three-year rehabilitation period for each of the following projects:
  - 264 Riverside Drive: \$2,971.54
  - 175 Southworth Street: \$34.46
- Regional participation in the BTAP incentive expires October 1, 2023 per PDS 3-2022. Regional Council has approved all BTAP matching funding requests to date.

## **Financial Considerations**

Regional BTAP grants, like all Regional tax increment grants, are funded with budget established through allocation of assessment growth revenue. Annual budget requirements vary depending on the approved projects and timing of development. The 2023 combined budget for SNIP BTAPs and tax increment grants is \$890,226.

There is no cap on the amount of a SNIP BTAP grant or tax increment grant funding the Region may approve.

## **Analysis**

BTAP grants encourage remediation of brownfield sites by providing a freeze or cancellation of the property taxes on a property that is undergoing remediation and redevelopment, to assist with the cost of environmental remediation. The difference in approach is due to the Community Improvement Plan programs in effect at the time of project approvals. The grant is provided for a time period specified in a municipality's program and the project agreement between the municipality and the applicant.

### **264 Riverside Drive, Welland**

The BTAP request for 264 Riverside Drive is estimated at \$2,971.54 for the cancellation of the Regional portion of municipal taxes on the property up to eligible costs during the rehabilitation period, up to a maximum of three years.

The creation of 159 stacked townhouses and one semi-detached dwelling are anticipated on this property. No affordable housing is anticipated. The City of Welland has also been approved for Regional matching funding for a SNIP Property Rehabilitation and Redevelopment Tax Increment Grant (SNIP TIG) on this property, with the Regional portion estimated to total \$1,976,572.80 at a grant rate of 80% over 10 years, or \$2,470,716.00 at a grant rate of 100% over ten years if the built-out project achieves certain City program criteria.

### **175 Southworth Street, Welland**

The BTAP request for 175 Southworth Street is for an estimated \$34.46 for the cancellation of the Regional portion of municipal taxes on the property up to eligible costs during the rehabilitation period, up to a maximum of three years.

The project proposes to create 38 units, 12 singles and 26 townhouses. No affordable housing is anticipated. The City of Welland has also been approved for Regional matching funding for a SNIP TIG, with the Regional portion estimated to total \$226,203.64 at a grant rate on a sliding scale of between 70% - 20% over ten years, up to eligible costs, which may be reached in this project prior to the end of the grant term.

## **Regional Participation in the BTAP**

BTAP grants must be approved through a by-law at the local municipal level, and any matching participation by the Region must be approved through a resolution of Council. The City of Welland has approved the required by-laws for the BTAP grants that are the subject of this report.

Regional Council has approved all BTAP matching funding requests to date.

Through PDS 31-2021 Regional Council extended SNIP incentives, with expiration dates for its programs established or reaffirmed through PDS 3-2022. The SNIP BTAP expires on October 1, 2023. Local municipalities have until that date to submit complete applications to the Region for consideration. After that date, eligible costs under the current BTAP may be considered eligible costs under regionally approved brownfield tax increment grants.

Regional Council targeted and confirmed its commitment to brownfield remediation when it was identified as a key priority area for incentives through the Regional Incentive Review. The new Niagara Region Incentives Policy includes brownfield incentives that remain robust while becoming more sustainable and accountable.

## **Alternatives Reviewed**

This report recommends Council approve Regional participation in BTAP grants for the projects above. The Region has consistently approved matching BTAP grants when requested in the past to support rehabilitation of contaminated sites.

Council could elect not to approve matching Regional funding for these BTAP requests, but that reversal of historical practice is not recommended.

## **Relationship to Council Strategic Priorities**

The information in this report supports the priority of a Green and Resilient Region through its support of remediating contaminated sites, and the priority of an Equitable Region through its support of growth and development.

## **Other Pertinent Reports**

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|-------------|---|
| PDS 3-2022  | Regional Transitional Incentive Timelines                 |
| PDS 31-2021 | Niagara Region Incentives Review                          |
| CSD 58-2019 | Non-conforming Smarter Niagara Incentive Program Requests |

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## **Appendices**

None.

**Appendix 1 Sites in Welland requesting Regional BTAP funding**

