

Subject: 1 Quaker Road SNIP BTIG Application

Report to: Committee of the Whole

Report date: Thursday, July 3, 2025

Recommendations

1. That the City of Welland's application for Regional funding (SNIP BTIG Program) for 1 Quaker Road **BE APPROVED** in the amount of up to \$5 million based on the actual demonstrated costs for the remediation of excess material incurred no later than January 1, 2035.
2. That notice of decision **BE CIRCULATED** to the City of Welland.

Key Facts

- The purpose of this report is to seek Council direction regarding a City of Welland application for a matching \$40 million Regional grant through the SNIP "Property Rehabilitation and Revitalization Tax Increment Grant" (SNIP BTIG) for the proposed development at 1 Quaker Road in Welland, with payments beginning in approximately 2030 and ending in approximately 2056, subject to project timelines.
- The City of Welland has approved a \$40 million BTIG for this development. The requested combined total tax increment grant, if approved, from the City and the Region would total \$80 million. This amount is the highest BTIG request received.
- The project proposes an estimated 4,249 residential units over 18 phases. The project is not intending to include affordable housing as defined by the Province, nor attainable housing as defined by the Region's Attainable Housing Strategy.
- Staff recommend that Council deny the application for \$40 million and instead approve a capped Regional BTIG of up to \$5 million tied to the actual demonstrated cost of testing and potential remediation of excess material to the extent required. The Regional portion would be available until 2035 to provide timely support for any potential remediation required of the excess material and help launch the development to provide needed housing.
- The SNIP/BTIG, as approved by Council, is a matching program with Local CIP programs. Traditionally, the Region matches the grant duration, terms, and eligible costs outlined in Local CIPs. As funding requests from Area Municipalities are

received, the Region reviews and approves grant amounts at its discretion subject to compliance with the CIP, the core policy objectives of the SNIP BTIG, and budget availability. The City of Welland's 2018 Brownfield CIP, under which this grant is locally approved, indicates that regional funding is subject to approval of Regional Council or designate.

- While the general practice is to match local BTIG grants, the Region is not required to match and there is one instance in Welland where the Region did not match the requested grant.
- In addition to the City's \$40 million capped BTIG, the City also approved a Brownfield Tax Assistance Program (BTAP) for \$200,000 and an Environmental Studies Grant (ESG) for \$35,000 for this development.
- Total known remediation costs are estimated at \$181,062 and \$19,598 in study costs. The Welland BTAP and the ESG grants cover the extent of the known remediation costs for this property.
- The development site contains 2.3 million cubic meters of excess material of unknown quality that is required to leave the site prior to construction. The estimated cost to test and remove the excess material over the 18 phases is \$125.3 million. It is unknown whether remediation of excess material will be required as per the results of the testing.
- Removal of excess material is not specifically listed as an eligible cost in the City of Welland's BTIG program. However, the City has interpreted excess material removal as eligible under the program.
- Given the uncertainty about whether any further brownfield remediation work will be required on the site, the recommended parameters for the Regional grant are appropriate and consistent with the core policy objective of the Regional SNIP/BTIG which is to help level the financial playing field for brownfield vis-à-vis greenfield development.
- The allocation of assessment growth to the BTIG will reduce the amount of assessment growth available to the Region to fund other critical needs and necessary service demands that result from growth.

Financial Considerations

The purpose of having incentives is to enable the Region to exercise its discretion to leverage Regional funds to actualize a desired type of development that may not otherwise happen without public investment, in accordance with Council Policy.

Incentivization of development has a direct impact on the Region's budget. Incentives in the Niagara Region equate to approximately \$29 million in the 2025 budget. The funding of Regional incentives is typically addressed through annual budgetary cycles and applications from the local municipalities are approved subject to funding availability. The Region has committed a total estimated \$206 million in future TIG payments for approximately 158 projects to 2041.

The Region currently participates in two TIG programs: the SNIP TIG/BTIG and the Gateway CIP TIG. Tax increment grants are based on the difference, or increment, between pre-project taxes and post-project taxes on a development. Following project completion and reassessment, a portion of this tax increment is granted back to the developer, usually over a ten-year period. Most TIGs are approved by local municipalities through their Community Improvement Plans (CIPs). Once approved, municipalities can apply to the Region for matching funding for eligible projects.

The requested matching funding of \$40 million will impact the Region's financial position to fund growth related priorities. If the application for \$40 million were approved as is, the Region's grant would contribute to all 18 phases of the project, starting in 2030 and ending in approximately 2056 (Appendix 1). Since the 18 phases are occurring sequentially, the total grant amount would be divided across 18 BTIGs (one BTIG for each phase) with each BTIG having a different start date and up to 10-year term.

This is the largest BTIG requested of the Region surpassing the next highest BTIG for Dain City East for 8 million in the City of Welland (which was below the City of Welland's approved grant). As a result, there are significant financial considerations to approving this scale of Regional BTIG as approval is subject to funding availability. The Region has a total of \$29 million of budgeted commitments in 2025 through SNIP TIG/BTIG, Smart Growth, and the Niagara Region Incentive Policy programs. These programs create annual budgetary pressures that increase year over year.

The assessment growth that is directed to fund TIGs is intended to also fund growth related costs, capital investments, and strategic priorities of Council. The allocation of assessment growth to the BTIG will reduce the amount of assessment growth available to the Region to fund other critical needs and necessary service demands that result from growth. Less availability of assessment growth will impact the Region's capacity to fund competing priorities and put additional pressure on the levy.

Due to these reasons, and the analysis below, the recommendation to Council is to approve a capped BTIG of \$5 million based on the actual demonstrated costs for the remediation of excess material incurred no later than January 1, 2035. Any

demonstrated costs associated with the remediation are to be paid in full by 2040. For clarity, the remediation costs will be supported by documentation including invoices and will comprise reasonable costs incurred in carrying out Environmental Site Assessments, testing, excavation and disposal of contaminated material, in-situ treatment, groundwater remediation and containment measures.

This is a financially sustainable approach that ensures the BTIG goes towards the remediation of the site and assists with the development of the site into a complete community. In this way, current and future Councils will be in a stronger position to respond to current commitments and future priorities.

Analysis

Cleanup of Brownfield Sites is Important

Brownfields are lands which are contaminated due to former non-residential uses, such as industrial or commercial purposes. The transformation of brownfield sites is a sustainable best practice that sees efficient revitalisation of serviced urban land. Cleaning up brownfields takes advantage of the below grade infrastructure, roads, transit, utilities, and schools already there, and reducing the need to expand urban boundaries. For these reasons, municipalities offer brownfield programs to provide financial relief to developers who take on the burden of cleaning up contaminated sites.

The Region has been a leader in developing dedicated programs and funding to Area Municipalities for brownfield remediation. Council's decision to incentivize the remediation contributes positively to housing supply, employment, complete communities, and increased assessment and growth. By cleaning up brownfields, derelict lands can generate higher levels of taxation and municipal revenue and provide people with places to live, work, learn, and play.

Complementing the importance of redeveloping brownfields, is a financially sustainable grant model that allows municipalities to contribute to funding the cost of remediating sites affordably alongside other municipal service obligations and costs that must be met.

SNIP BTIG Promotes Financial Equity

Since 2003, the Region has participated in the funding of brownfield projects through the SNIP BTIG program to level the playing field between greenfield and brownfield development by helping to decrease financial barriers.

The SNIP BTIG program utilizes a matching funding approach with area municipalities through local CIPs.

To participate in the SNIP BTIG program, local municipalities must offer a brownfield tax increment grant through a CIP to apply for matching Regional funding. By matching, both levels of government divide the funding so that each can absorb the impact through their respective budgets while balancing the cost so that other budgetary priorities are adequately financed.

The Region has participated in funding brownfield projects through brownfield CIP programs in nine municipalities - Fort Erie, Niagara Falls, Port Colborne, St. Catharines, Thorold, Welland, Lincoln, Grimsby, and West Lincoln - each with distinct and differing program requirements, CIP boundaries, and eligible costs (See Appendix 4).

As approved by Council, the SNIP BTIG program is a matching program that does not have yearly caps and traditionally matches the eligibility criteria, grant percentage, and duration of the annual grant set as out in each local municipal brownfield CIP program. The Region is not obligated to match the local grant amount and is able to approve a lesser amount at its discretion. There has been at least one instance where the Region did not match the local contribution and instead capped the amount provided.

The Development

The proposed project is an 18-phased, master-planned community on land purchased by the developer from the City. The developer purchased the lands for 35 million in order to build an estimated 4,249 residential units with a mix of townhomes, stacked townhomes, mid-rise buildings, a public park, and 85,000 sq feet of commercial space (see Appendix 2). At the time of this report, the proposed housing mix does not include affordable housing options as defined by the Province, nor attainable housing options as defined by the Region's Attainable Housing Strategy.

The proposed project is located at 1 Quaker Road in the City of Welland. The BTIG application has identified a total amount of \$181,062 in remediation costs and \$19,598 for ESA costs associated with cleaning up the site for residential use. The site was not used for industrial or commercial uses; however, these lands are within the City of Welland's Brownfield CIP area and have excess material including soil from the construction of the Welland Canal and other public infrastructure projects.

The development site contains 2.3 million cubic meters of excess material of unknown quality that is required to leave the site prior to construction. The estimated cost to test

and remove the excess material over the 18 phases is \$125.3 million. It is unknown whether remediation of excess material will be required pending the results of future testing.

The project is currently in the Planning process with the City finalizing the development agreement with the developer.

Eligible costs for 1 Quaker Road BTIG and Regional Matching

Based on the information submitted by the City of Welland:

- The total cost of the project is estimated at \$1,799,090,340 (\$1.8 Billion).
- The total construction costs for the project are estimated at \$1,651,830,675 (1.6 billion)
- The total eligible costs for the BTIG as identified by the City of Welland's 2018 Brownfield CIP is \$125,544,963 (\$125.5 Million).

The City of Welland has identified the eligible costs for the BTIG as \$125,544,963, which is comprised of the cost of removing and testing excess soil (\$125,344,303) and limited known soil remediation (\$181,062 plus \$19,598 for remaining ESA costs). While the removal of excess material is not specifically listed as an eligible cost in the City of Welland's BTIG program, the City has interpreted excess material removal as eligible under the program as building construction costs.

On September 5, 2024, the City of Welland approved a \$40 million capped BTIG through their 2018 Brownfield CIP (Appendix 3). The City applied to the Region for a matching grant of \$40 million through the Regional SNIP BTIG program on December 18, 2024 (date executed agreement between Welland and the developer was submitted to Region). The agreement outlines the eligible costs, terms of the grant, and acknowledgement that the Region's matching contribution to the BTIG is contingent on its participation in the SNIP BTIG program and approval of its contribution. The City's \$40 million BTIG is approved and would not be impacted by Regional Council's decision on the Region's BTIG.

The combined total BTIG would be \$80 million to be paid back to the owner/developer over 18 phases until approximately 2056.

In addition to the City of Welland's \$40 million capped BTIG, the project has been approved for a Brownfield Tax Assistance Program (BTAP) for \$200,000 and an Environmental Studies Grant (ESG) for \$35,000, both, from the City of Welland. These grants cover the known remediation and study costs in the amounts of \$181,062 and \$19,598.

The Regional capped \$5 million SNIP BTIG

While the general practice is to match local BTIG grants, the Region is not required to match a grant provided by a local area municipality. In making a decision on any application, staff and Council are best guided by the underlying policy objective of the SNIP BTIG program as established in 2003, namely, that there should be a level playing field as between greenfield and brownfield developments to remove any obstacle for redevelopment of the latter. The goal is not to incentivize substantially greenfield/non brownfield developments beyond the incentives already provided to them by the market.

Given the uncertainty about whether any further brownfield remediation work will be required on the site, staff recommend a Regional BTIG of up to \$5 million for actual costs incurred for the testing and remediation of excess material to be reviewed by a Qualified Person upon receipt. This approach serves to provide relief to the developer to the extent required should further brownfield costs be encountered to remediate the soil on site, beyond the \$181,062 plus \$19,598 study costs. This aligns with the policy focus of the BTIG program as approved by Council to focus on remediating brownfields, recognizing that currently the only known brownfield remediation costs are \$181,062 plus \$19,598 which have already been covered by the City's BTAP and ESG grants. This approach is also recommended as it will decrease the length of commitment to the development by future councils (approximately 7 council terms) and thereby enhance the financial flexibility of councils to respond to priorities – known and unknown, responsive to Council's direction that staff ensure taxpayer affordability and sustainability is prioritized.

Approval of the City's funding request for a capped Regional BTIG at \$40 million is not recommended as it will amount to a significant departure from the policy foundation of this BTIG program by recognizing costs that are not tied to brownfield remediation. From a financial standpoint it will also limit the Region's budget flexibility and its capacity to respond to competing priorities over multiple terms of Council. Supporting the project in this way will help to address housing needs while ensuring fiscal responsibility so that future councils are in a strong financial position to support growth related funding priorities.

Alternatives Reviewed

As stated in the CIP, TIGs are subject to Regional approval and Council is not obligated to match the City's \$40 million grant. Council can choose to approve an alternative capped grant amount. The alternatives presented below are not recommended by staff.

Alternative 1

Council can approve a capped Regional BTIG in the amount of \$5 million without conditions related to demonstrated remediation costs.

Alternative 2

Council can approve the City's request for a capped BTIG amount of \$40 million.

Alternative 3

Council can determine a different BTIG capped amount with or without conditions related to demonstrated remediation costs.

Relationship to Council Strategic Priorities

The proposed report is directly related to Council's Strategic Priority of an Effective Region and advances Objective 1.1 "Implement continuous improvement and modernized processes to ensure value-for-money in regional services and programs".

The report is also related to the creation of a Green and Resilient Region through Objective 2.2 "Partner with the Local Area Municipalities and community organizations to advance climate change and resilience in the Region".

The report also relates to an Equitable Region Objective 3.2 "Support growth and development post Bill 53"; and 3.3 "Improve access to affordable and attainable housing".

The continued process towards modernization, pursuit of effectiveness and value-for-money in the Region's incentive programs advances the duty of fiscal responsibility, and fiscal sustainability, transparency, and accountability. The cleaning up of brownfield land for housing is a green strategy that optimizes land use and infrastructure while protecting natural and rural areas. This is balanced with the goal of attracting development and ensuring that Niagara can be a home by contributing to housing.

Other Pertinent Reports

[PDS 31-2021 Niagara Region Incentives Policy](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=57da1d2d-c54e-4133-930c-2b8220245489&Agenda=Merged&lang=English&Item=11&Tab=attachments>)

[PDS 3-2022 Regional Transitional Incentive Timeline](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=e9194656-4525-4c9a-89f3-e8957b331b4d&Agenda=Merged&lang=English&Item=35&Tab=attachments>)

[PDS 26-2024 Niagara Region Incentive Policy Review](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=995ba6de-d258-4a19-b96f-e06f653a9484&Agenda=Merged&lang=English&Item=13&Tab=attachments>)

[PDS-C 27-2024 Smarter Niagara Incentive Program and Smart Growth Program Expiry Background](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=995ba6de-d258-4a19-b96f-e06f653a9484&Agenda=Merged&lang=English&Item=14&Tab=attachments>)

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Appendices

Appendix 1	Phasing Map
Appendix 2	Details of the proposed development
Appendix 3	City of Welland Memo Approval
Appendix 4	Eligible costs for municipal brownfield tax increment grant programs