

Brownfields

Brownfields are abandoned, idled or underused industrial or commercial properties, usually located in built-up urban areas, where expansion or redevelopment is complicated by real or perceived environmental contamination, building deterioration/obsolescence, and/or inadequate infrastructure.

City of Hamilton Initiatives

The City of Hamilton, Ontario has been working to promote the redevelopment of Brownfields in its older industrial areas for several years. In 1997, the City established an Industrial Redevelopment Task Force. This Task Force was formed to develop strategies to bring Brownfield properties back into productive use.

The City of Hamilton is recognized in Canada as being on the leading edge when it comes to facilitating and promoting Brownfield redevelopment and investment. With the help of the Industrial Redevelopment Task Force, which includes members of the Hamilton Chamber of Commerce, in 2001, the City adopted a Community Improvement Plan, known as the Environmental Remediation and Site Enhancement Plan, or ERASE Plan. This Plan provides financial and other incentives to promote the redevelopment and re-use of Brownfield properties in the City's 3,400-acre older industrial area. The main feature of this strategy is the implementation of a Tax Increment Financing program to assist with the clean-up costs on Brownfield sites. In three years since the adoption of the ERASE Plan, projects taking advantage of the grants available under the plan represent:

- The cleanup and redevelopment of some 30 acres of formerly vacant and underutilized land
- The construction/refurbishment of 320,000 sq. ft. of industrial/commercial space
- The construction of 93 new residential units
- 100 new full-time jobs
- An increase in assessed property values of over \$20,000,000, and
- An increase in long-term annual property tax revenues of almost \$1,000,000

Province of Ontario Initiatives

On May 17, 2001, the Ontario Minister of Municipal Affairs and Housing announced, on behalf of the ministers of the Environment and Economic Development and Trade, the Government's introduction of legislation that would encourage the cleanup and redevelopment of former industrial and commercial sites known as "Brownfields".

The proposed legislation that was introduced as the Brownfields Statute Law Amendment Act, 2001 incorporates many of the recommendations made by a panel of Brownfield experts appointed by the Province in September 2000. It addresses the key challenges to Brownfield cleanup and redevelopment: environmental liability, planning processes and financing. However, the Province has been slow in releasing regulations that would allow developers to take advantage of some of the environmental liability and education tax assistance components of the legislation. The Ontario Chamber of Commerce has recently called on the Province to expedite the passing of these regulations, which are now scheduled to take effect on October 1, 2004.

Environmental liability

The most significant impediment to widespread Brownfield redevelopment is concern over environmental liability. Despite the tremendous benefits to be gained from developing Brownfields, financial institutions and developers are often reluctant to invest in these sites. Their caution stems from concerns over broad environmental liability rules and the financial implications of this liability. Therefore, it is paramount to:

- Address the environmental liability issue for municipalities, lenders, owners and developers involved with the clean up of Brownfield properties; and,
- Set out clear rules for the cleanup of contaminated Brownfield sites while ensuring that the environment and the people of Canada are protected.

Financing

Brownfield projects often do not get off the ground because of the costs of cleaning up the sites. The legislation seeks to encourage owners of Brownfield sites to undertake site cleanup by providing them with property tax relief to assist in remediating their Brownfield properties.

Federal Participation

Given the initiatives that have been undertaken at the local and provincial level, it now makes sense for the federal government to be involved in what is clearly a multi-jurisdictional issue. Experiences in the United States have demonstrated the success of direct federal involvement in the cleanup of Brownfield sites. These initiatives have played a major role in improvements to a variety of urban redevelopment programs that are consistent with the philosophy of smart growth. They have made great strides in improving or remediating environmental problems, creating jobs and generally improving the quality of life for communities, all of which represent legitimate interests for the federal government.

With the programs that are being implemented at the local and provincial levels, there is a strong and important role for the federal government to play as a partner to these programs. This assistance should be considered on a broad-based level, as well as be directed towards specific pilot projects. These pilot projects not only can generate an immediate return to the federal government, but they can also act as demonstration projects to the success of these endeavors, thereby stimulating further activity in both the public and private sectors. This work should be a partnership that would include the private sector.

The second role the government can play is through specific funding programs already in place including the Green Municipal Fund.

This role can be in partnership with other levels of government such that the federal government can be a contributing partner to augment the benefits of other established programs at provincial and local levels.

There is also an opportunity for the federal government to be involved in assisting with the cleanup costs for those sites in greatest need of remediation. These sites, which in some cases have virtually no economic value, require substantial assistance to be brought up to reasonable standards for any form of productive use. In particular, assistance is required for sites that are abandoned and where ownership is not directly related to the source of contamination, i.e. the current owner has not contributed to site contamination.

A comprehensive study prepared for the National Roundtable on the Environment and Economy (NRTEE) entitled "Economic Impact of Brownfield Redevelopment Activities in Canada" dated November 15, 2002 found that every \$1 spent on Brownfield redevelopment generates an additional \$3.80 in the output of all industries in the Canadian economy. Plus every Brownfield redevelopment investment dollar results in \$0.22 in federal personal direct and indirect tax revenues. Thus the net "cost" is \$0.78, with a net Return on Investment of 387%, not to mention easing the burden on municipalities, particularly older Cities, in terms of creating new infrastructure to service new employment lands.

In summary, the report supports the conclusion that development of Brown fields eases the pressure for urban sprawl and is a fundamental tenant of Smart Growth Principals. The methodology used in this model is considered broadly to be scientific and solid. The conclusion is simply that the business case for Brownfield development is a strong one. Investment in Brownfield is just that a solid investment in the future and should not be regarded in the same context as say government operating expenditures.

Further, the NRTEE issued a strategy entitled, "Cleaning up the Past, Building the Future – A National Brownfield Redevelopment Strategy for Canada", which was released through a cross the country roll out visiting several key cities.

Budget 2004

The March 23, 2004 Federal Budget does provide \$3.5 billion for a major multi-year cleanup of contamination on federal lands and a further \$500 million for the remediation of shared-liability contaminated sites. The majority of this spending is directed towards Canada's north and Aboriginal communities.

Budget 2004 is truly a step in the right direction, however, the funds allocated are not sufficient and are not available for privately owned and controlled Brownfield sites in Canada. We are pleased that the Budget contained money for remediation of Federal sites; however, allocation of the majority of funds for Brownfield remediation is to remote locations outside urban areas, where the economic and social impact will be in fact be minimal. Further, the sites listed for remediation will produce a lower return on investment, as they are unlikely to generate significant new development, employment and housing. Lastly, the amount of money budgeted annually is not sufficient and, as it is allocated over a 10 year period, will have minimal impact in the short term.

Recommendations

That the federal government:

1. Follow the direction taken by the Province of Ontario, and others, as well as many local municipalities, regarding the redevelopment of Brownfield sites by becoming a partner in Enhancement of Brownfield development through the application of one of a number of related funding programs, such as the Green Municipal Fund.
2. Adopt a comprehensive Brownfield policy and implementation strategy. Specifically, as a strong basis to accelerate its investment in Brownfield remediation, a National Brownfield Redevelopment Strategy should be implemented as soon as possible to deal comprehensively with Brownfield development using as a basis the strategies prepared for the National Roundtable on the Environment and Economy.
3. Redirect funds for Brownfield initiatives to partnerships with the provinces, municipalities and private sector businesses to be used for a number of components of the program including, but not restricted to:
 - a) Preparation of inventory and database of Brownfield sites.
 - b) Contribution to the cost of environmental site assessments.
 - c) Contribution towards cleanup costs of selected sites, including those in greatest need of remediation in areas where the current owner was not responsible for contributing to the contamination.Further, any redirection or deployment of funds should be prioritized based on the economic and social impact.
4. Significantly increase the funding for Brownfield remediation announced in the 2004 Budget and accelerate its delivery for a period shorter than the 10 years outlined in the Budget.
5. Work in partnership with provincial, territorial, local governments and the private sector, to set up a series of Brownfield pilot projects in selected urban centers with known concentrations of sites requiring Brownfield remediation.

SUBMITTED BY THE HAMILTON CHAMBER OF COMMERCE

THE ENVIRONMENT AND ECONOMIC POLICY COMMITTEES SUPPORT THIS RESOLUTION.