To: Chair and Members
   Economic Development and Planning Committee
   PED07043

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Re: Brownfield Redevelopment and Intensification Office (City Wide)

Council Direction:

City Council on May 24, 2006, passed the following motion:

“That the Planning and Economic Development staff present to Committee and Council a plan to establish a “Brownfield Redevelopment and Intensification Office” with the goals and objectives of creating an inventory of infill and redevelopment opportunities, identifying and addressing the barriers associated with infill, adaptive reuse and redevelopment properties (including but not limited to infrastructure or contamination issues) and the eventual marketing of said properties and that the report include a detailed costing of the initiative, as well as alternative sources of funding as part of the 2007 Budget process.”

Information:

1) Creating an inventory of infill and redevelopment opportunities:
   a) Brownfields

   The City already has an inventory of industrial sites below the escarpment that are two (2) acres and above in size that are assumed to be brownfields.

   In addition to this inventory, the City is going one step further and is conducting a Historic Land Use Study (HLUS) which is the research portion of Phase I of an Environmental Assessment.

   The Federation of Canadian Municipalities (FCM) approved cash matching funding to conduct a HLUS. The purpose of the project is to design and compile a comprehensive Historical Land Use Inventory for the urban area of Hamilton. A GIS database will identify and describe sites, identify past uses and have the ability to track site assessments and remediation efforts in a comprehensive and consistent manner. The database will be compiled from existing data sources.
The purpose of the project is to assemble and transfer existing information to a central place, the GIS database, rather than collecting new data.

The database will be appropriate to City staff in implementing the following programs:

- Environmental Remediation and Site Enhancement (ERASE) Plan;
- City’s Contaminated Sites Management Program (CSMP);
- Regulatory Services of Water Wastewater; and,
- Source Drinking Water Protection Planning.

The database will enable staff to respond to information requests, monitor development in the ERASE project area, provide feedback to fine tune the ERASE Plan and to supply information for the ERASE Redevelopment Opportunities Marketing Program. The data will complement the City’s Contaminated Sites Management Program for Municipal works (CSMP) by offering a greater level of detailed contaminant screening information. Water and Wastewater can use the information to identify past and current land uses which may be possible sources of contaminants, while the Source Protection Planning group can identify existing threats to drinking water sources.

The request for proposals is completed for the HLUS and, once the funding agreement with the Federation of Canadian Municipalities (FCM) has been executed, then the project will be underway with an expected completion in the last quarter of 2007.

b) Intensification:

The Growth Related Integrated Development Strategy (GRIDS) Program has assessed the issues and opportunities associated with intensification in Hamilton through a comprehensive Residential Intensification (RI) Study. Hamilton is one of a handful of municipalities in Ontario which has completed this kind of analysis.

The GRIDS growth forecasts indicated that without a significant change in planning policy throughout the City, there would be about 70,000 fewer people living in currently developed neighbourhoods by 2031. This stems from long-standing social trends of declining household occupancy that are forecast to accelerate in future as the City’s overall population ages. Neighbourhood population decline on this scale would result in many school closures, major reductions in retail and other community services now enjoyed by residents of the City’s developed neighbourhoods. It will also “waste” significant investments which the City has made in utility infrastructure (for established communities) and undermine the future viability of transit services.

Intensification makes sense as a planning strategy for Hamilton, regardless of Provincial policy. In fact, residential intensification is a cornerstone in the Downtown Revitalization Strategy. The RI Study concluded that residential intensification in appropriate locations adjacent to (but not within) established neighbourhoods is both physically possible and essential as a planning strategy
over the long term. The RI Study generally focused on ‘low rise’ intensification options to avoid past mistakes of ‘neighbourhood busting’ changes driven in by too much emphasis on high rise apartments. The RI Study included a City-wide inventory of current sites and districts where a realistic potential for residential intensification can occur with supportive and appropriate Municipal policies. This ‘high level’ analysis confirmed that the City has physical opportunities for at least 44,000 low and medium rise residential intensification units.

The RI Study also assessed local, Provincial and national experiences with intensification in comparable communities. This was done to provide strategic direction for future policies. This assessment included development options and industry issues elicited from both local and GTAH homebuilders active in the residential intensification market. Improving environmental quality within intensification areas (parking, effective transit, street features, appropriate community and retail services), reducing planning approval delays and encouraging local market interest through creative project design were found to be important.

2) Barriers associated with infill and adaptive reuse and how to address the barriers:

a) Brownfields

The major barrier to brownfield redevelopment is the existing uncertain liability regime. Owners of contaminated sites are not prepared to accept the significant liability risks that come with selling their properties to developers. In turn, many developers find the risks of redeveloping brownfield sites to be unacceptable, and therefore focus their efforts on greenfields or sites that do not have environmental issues. In defining liability we are dealing with four (4) main areas of policy concern: Municipal Liability Protection, Regulatory Liability, Joint and Several Liability and Civil Liability. Whether it's municipalities, property owners, potential property owners or citizens, without additional revisions to legislation and clear policy direction, brownfield redevelopment will simply not occur on many of our brownfield sites.

The second major impediment to brownfield redevelopment is technical. In some cases, the Province is imposing standards that are unnecessarily onerous and, at times, impossible to achieve. The end result is the failure to recognize the consequences of choosing to impose an unnecessarily strict standard. In an era of sustainability, it is important that the Province implement legislation and policies to facilitate the reuse of these brownfield sites.

The third major impediment is financing. Required changes include modifications to Income Tax legislation that would permit the expensing, rather than capitalizing of clean-up costs, and financial assistance from other levels of government for brownfield redevelopment in a manner that directs this assistance to those sites that offer the greatest benefit to the people of
Ontario. Additionally, many financial institutions are risk adverse in lending practices to related brownfield redevelopment.

b) Intensification

i) Need for Employment

While Hamilton can do better at urban intensification, the RI Study’s market analysis concluded that we are unlikely to see more than 26,000 – 32,000 units develop by 2031. Indeed, without major and sustained improvement in the City’s current job growth performance, even 26,000 - 32,000 potential units are unlikely to develop. Higher market prices and an expanded local job base are essential to build market demand for substantially more apartment units than present housing market trends permit. The link between overall job and income growth with the demand for new apartments is a critical factor for implementation of a local Residential Intensification Strategy.

The City is responding to the need for employment lands by servicing the North Glanbrook Industrial Park, approving a Secondary Plan for the McMaster Innovation Park and undertaking a Secondary Planning Process for the Airport Employment Lands. In addition, a review of the Industrial Official Plan (OP) Policies and Zoning By-law is underway.

ii) Acceptance by Community

A negative reaction by the community is not uncommon with intensification projects. Concerns about social change, overcrowding, increased traffic, loss of greenspace and developments being out of character are the most common issues raised.

The RI Study forecast of 26,000 - 32,000 intensification units can be predominantly distributed in a ‘node and corridor’ pattern throughout the City without significantly intruding on the ‘centre’ of neighbourhoods. Since most of the forecasted decline in neighbourhood population is associated with a growing ‘empty-nester’ homeowner group, the creation of lifestyle appropriate intensification units will permit residents to find more balanced housing opportunities in their own neighbourhoods than is presently the case. Hence the purpose of an ‘intensification’ strategy primarily to stabilize, not change the overall population or character of existing neighbourhoods.

Where opportunities for intensification present themselves outside of a node or corridor, appropriate and sensitive urban design will play a key role in creating a project that will ‘fit in’ with the neighbourhood.

The City’s proactive Public Participation Program, that seeks input into Zoning and OP Amendments prior to Committee and Council
consideration of the application, will provide additional opportunity to understand the issues of property owners and attempt to mitigate their issues through design and buffering.
It is interesting to note intensification stories in the Downtown are seen to be good news stories and community acceptance is a relative issue.

iii) Zoning Restrictions

Restrictive zoning is another issue which is often cited as a barrier to intensification, thereby making it difficult to include innovative design elements and building forms that might better fit with the character of the neighbourhood. The new Zoning By-law will be looking at addressing this barrier so that the flexibility needed to deal with compatibility will be provided. In fact, the model for flexibility in zoning is in place in the form of the City of Hamilton Zoning By-law No. 05-200 for Downtown.

3) Marketing of Properties

a) Brownfields

The Department is in the process of developing a Marketing Strategy for brownfields and this Marketing Strategy will be completed concurrently with the completion of the HLUS for brownfields. One of the components of the Marketing Strategy will be a multi-disciplinary that will involve both staff and the community. The following Committee structures will be proposed as part of the Marketing Strategy:

**Brownfield’s Technical Committee** - Meeting monthly it is composed of member(s) of City Council and Municipal Departments. The following Municipal Departments / Divisions / Sections are recommended to participate in the Brownfield’s Technical Committee:

- Fire
- Culture and Recreation
- Environmental Planning
- Legal Services
- Real Estate
- Facilities
- Housing
- Building
- Community Planning
- Long Range Planning
- Finance

The Committee’s mandate includes the following:

- Utilizing the HLUS, identify and characterize top redevelopment opportunities for Municipal activities (Prioritization Strategy) and spending concerning brownfields.
Recommend use of funds with the brownfield Capital accounts: Brownfield Pilot Project Fund and Hazardous Sites Decommissioning Fund.

Consult with the Brownfields Community Advisory Committee.

**Brownfields Community Advisory Committee** - Meeting semi-annually, it would provide community input into the Municipal Brownfields Strategy and to advise the Brownfields Technical Committee on brownfield matters. The following could participate in the Brownfields Community Advisory Committee:

- Chamber(s) of Commerce
- Industry Stakeholders
- Property Stakeholders
- Ministry of the Environment
- Federal Government
- Environmental Engineering and Consulting Firms
- Real Estate Community

In the meantime, the following activities will be undertaken while the full Strategy is being developed:

Attend conferences as a participant and exhibitor:
- Brownfields Financing and P³ Solutions Summit
- National Brownfields Association (NBA) Annual Conference
- Canadian Brownfields Network (CBN) Annual Conference
- Brownfields 2007 (the official EPA and ICMA co-sponsored forum on brownfield redevelopment)

Outreach efforts:
- Participate on the Association of Municipalities of Ontario (AMO) Brownfields Task Force
- Presentations and networking to Real Estate Boards (commercial / industrial and residential), qualified persons (engineering, consulting, environmental firms), etc.

**ERASE Marketing and Opportunities Program (MOP)**
- Enhanced web presence with accessibility to ERASE Program Guide and Applications
- A redesigned of all Program Applications
- Participate on the Association of Municipalities of Ontario (AMO) Brownfields Task Force
- Speak at Economic Developers Council of Ontario (EDCO) and Canadian Brownfields Network (CBN) Conferences about Hamilton’s ERASE Program and it’s progress
- Present to the Hamilton / Halton Real Estate Board about Hamilton’s ERASE Program and it’s progress
• Attend the National Brownfields Association (NBA) and Canadian Brownfields Networth (CBN) Annual Conferences
• Network extensively with local engineering and environmental consulting firms
• Encourage internal information sessions with various City Departments

In addition, the Department does have a dedicated staff person who has the sole responsibility to implement the City’s award winning Brownfield Program. The following results have been experienced in the past 18 months:

b) ERASE Results:

ERASE Study Grant (ESG)
• 12 applications received; 8 approved; 3 under consideration; 1 declined
• Over 42 acres of underutilized land
• Over $90,000 in ERASE Study Grant funding
• At least 50% of the applications became ERASE Redevelopment Grant Applications

ERASE Redevelopment Grant (ERG)
• 14 applications received; 9 approved; 2 under consideration; 1 tabled; 2 declined
• Total construction expenditures in excess of $86M
• Remediation and redevelopment of over 36 acres of formally vacant and underutilized brownfields
• Projects anticipate to be awarded a total of approximately $3.9M in ERASE Redevelopment Grant funding
• Estimate of approximately 250 new jobs

ERASE Tax Assistance Program (TAP)
• Initiated Hamilton’s first and is the second Provincial by-law application (Lowe’s) to receive approval for the Province’s matching educational property tax assistance under the Brownfields Financial Tax Incentive Program (BFTIP)
• Based on an estimated assessed value of $7,000,000 following redevelopment, the estimated total amount of matching educational tax assistance the Province will provide is $247,700 over three (3) years

ERASE Marketing and Opportunities Program (MOP)
• Enhanced web presence with accessibility to ERASE Program Guide and Applications
• Redesigned all Program Applications
• Participation on the Association of Municipalities of Ontario (AMO) Brownfields Task Force
• Spoke at Economic Developers Council of Ontario (EDCO) and Canadian Brownfields Network (CBN) conferences (6) about Hamilton’s ERASE Program and it’s progress
Presented to the Hamilton / Halton Real Estate Board (2) about Hamilton’s ERASE Program and it’s progress
• Attended the National Brownfields Association (NBA) and Canadian Brownfields Network (CBN) Annual Conferences
• Networked extensively with local engineering and environmental consulting firms
• Encouraged internal information sessions with various City Departments

c) Policy Changes and Initiatives:

**ERASE Agreements** –

The benefit of the ERASE Redevelopment Grant goes to the owner, tenant or assignee. In the example of redeveloping brownfield properties where the end use is residential, the benefit of the grant does not stay with the developer who cleaned up the site. This cost cannot realistically be built into the selling price, especially in low income markets within Area 2 (older Industrial Area) and Area 3 (West Harbour Area), as identified in the ERASE Community Improvement Project Area, and can have substantial negative effects on the City’s efforts to revitalize these brownfield lands where a residential redevelopment is initiated and intensification encouraged. Consequently, the ERASE Redevelopment Grant Agreement was reviewed in an effort to encourage and support residential conversions of brownfield properties in these areas and a new agreement has been adopted that is designed for the residential applicant together with our existing agreement for industrial / commercial developments. This new agreement allows for the ERASE Redevelopment Grant to remain with the developer who cleaned up the site in the first place.

**Parkland Dedication Fee** –

City Council adopted a Parkland Dedication and Cash-in-Lieu of Parkland Dedication Policy and By-law in July 2003. Within that Policy, discretion is provided as to how parkland and cash-in-lieu of parkland is to be calculated. The options are a parkland dedication of 5% of the net land area proposed to be developed or redeveloped or, where the net land area to be developed is at a density of 20 to 75 dwellings per hectare, the parkland dedication shall be based on an amount of land equivalent to a rate of 1 hectare for each 300 dwelling units proposed. In the case of development at a density greater than 75 units per hectare, parkland shall be assessed at a rate of .6 hectare for each 300 units. Application of this latter option within Area 2 (older Industrial Area) and Area 3 (West Harbour Area), as identified in the ERASE Community Improvement Project Area, can have substantial negative effects on the City’s efforts to revitalize brownfield lands. Therefore, Council approved that ERASE Redevelopment Grant Applications within Area 2 (older Industrial Area) and Area 3 (West Harbour Area), as identified in the ERASE Community Improvement Project Area, as it applies to parkland dedication for residential development be assessed solely on the basis of 5% of the net land area.
d) Intensification

In terms of marketing the concept of intensification, until the Official Plan has been amended to complement the Residential Intensification Study, the following pro-active intensification strategies will be implemented by staff:

- The Downtown Secondary Plan, "Putting People First", identifies housing intensification as a key strategic element towards the renewal and regeneration of Downtown Hamilton. Since 2001, City incentives administered through the Downtown Renewal Division have resulted in the construction of about 850 dwelling units in the Downtown with more than 700 dwelling units in the planning stages. These projects are concrete examples of housing intensification in established, built-up areas being accomplished successfully.

- Ad Hoc Proposals – On an individual, site-by-site basis, as Development Applications are received, proposals will be reviewed for intensification opportunities. Where appropriate, property owners will be requested to consider opportunities for increased housing intensification. Where appropriate, reports to the Economic Development and Planning Committee will consider the opportunities for intensification at specific locations.

- Urban Design Assistance - For key locations, urban design assistance will be provided to property owners to help assist impacts of intensification on surrounding development. Issues that can be addressed through design include sun-shadow impacts, heights, landscaping, views and building façades. Past urban design assistance has been provided to proposals in the Downtown, Grange School redevelopment, Beach Boulevard applications and at the former Lifesavers property.

- Secondary Plan Reviews – In those neighbourhoods where a review of past plans is currently underway, opportunities for intensification and increases in residential development will be considered. Recent plans where increased densities have been encouraged include the West Harbourfront and Nash Neighbourhood. Planning reviews currently underway where opportunities for increased densities exist include Trinity and Strathcona Neighbourhoods.

- Funding Applications – Current programs are to be evaluated to determine if they can be modified for increase opportunities for intensification. While supportive grant / loan programs will be considered as part of a Brownfields / Intensification Strategy, current programs will be evaluated to determine if any opportunities exist for increased intensification opportunities through modification.
4) The concept of a Brownfield Residential Intensification Office:

   a) Brownfield Office

   The Brownfields Program already has a dedicated resource that deals solely with brownfield issues. Once the Historical Land Use Inventory and the Marketing Strategy are completed in 2007, the Department will review the staffing situation and, if additional resources need to be added to the existing complement, then that request could be brought forward as part of the 2008 Budget for Council’s consideration.

   b) Intensification Office

   Unlike brownfields, which are predominantly geographically located below the mountain, residential intensification opportunities exist throughout the City requiring a multitude of individuals to deal with applications. It would be very difficult to have an Office with only one or two individuals dealing with intensification. As an alternative, until the Official Plan Policies and Residential Intensification Study are approved, the Department will require all planners to review each and every Zoning and Official Plan Amendment Application, especially those in the nodes and corridors with the view to discuss with the applicant appropriate opportunities for intensification. The reports to the Economic Development and Planning Committee will be amended to include a section that discusses appropriate alternatives considered for intensification.

   In addition, once the City passes the Official Plan Policies implementing the Residential Intensification Strategy, it is proposed that a Co-ordinating Committee be established to oversee implementation. Like the Downtown / West Harbourfront Co-ordinating Committee, this Committee would be responsible for:

   - identifying budget needs;
   - program development;
   - sharing of Departmental issues and needs;
   - assisting with the expediting of approvals for specific brownfields and housing intensification projects;
   - liaison with property owners, communities and developers on housing intensification opportunities; and,
   - the development of a Public Education Program to assist in public acceptance of intensification projects.

   The Committee would include staff representation from:

   - Planning and Economic Development (Economic Development, Development and Real Estate, Downtown Renewal, Long Range Planning and Building and Licensing);
As a cross-departmental Committee, it is hoped that many of the development issues associated with brownfields / housing intensification projects can be addressed collectively through the Committee rather than being bounced between Departments / Divisions.

Implementation of the interim approach outlined in this report will not have any budget impact in 2007. If additional monies are required once the final strategies are brought forward, then the budget impact associated with the strategies will be brought forward at that time.

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