



City of  
**Peterborough**

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**To:** **Members of the General Committee**

**From:** **Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **January 15, 2018**

**Subject:** **Report CPFS18-006**  
**Brownfields Tax Assistance Program**

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## **Purpose**

A report to provide information to Council on the properties in the City participating in the Brownfields Tax Assistance program.

## **Recommendation**

That Council approve the recommendation outlined in Report CPFS18-006 dated January 15, 2018, of the Director of Corporate Services, as follows:

That Report CPFS18-006, informing Council of the properties participating in the Brownfields Tax Assistance Program, be received for information.

## **Budget and Financial Implications**

The 2018 Operating Budget includes a provision for the municipal portion of the Brownfields Tax Assistance program in the amount of \$160,400 and Brownfields Rehabilitation Grant in the amount of \$124,600 for a combined total of \$285,000.

## Background

Council has requested an update report on the Brownfields Tax Assistance Program (BTAP); the number of properties participating and the level of financial incentives involved.

The program was first approved in 2011 and was based on Report PLPD11-062 Adoption of Affordable Housing/Central Area Community Improvement Plans. At that time, Council approved a series of financial incentive programs of which the BTAP was one. Some of the programs required Capital Budget funding, others did not as they proposed the waiving of application fees or the offer of grants based upon the incremental increase in the municipal taxes resulting from reassessment by the Municipal Property Assessment Corporation. The BTAP program did not require any Capital funding.

Through the tax reassessment based programs such as BTAP, the City has foregone the increased property taxes in the short-term; however the redeveloped properties will in certain instances produce much needed housing and in all instances, will eventually contribute a higher level of taxation than would have been realized without the incentive.

The suite of incentives is limited to properties within the Schedule J Planning Area. There are five Brownfields agreements in place covering nine properties. Appendix A provides a map which identifies the location of the properties. Certain properties have yet to commence construction, whereas others are works-in-progress.

Chart 1 provides a summary of the Brownfields Incentives. Elements of the program include:

- i. The Brownfields Tax Assistance only applies to properties requiring environmental remediation.
- ii. Prior to construction, an estimate of the expected remediation cost is received by the Ministry of Environment and Climate Change.
- iii. Invoices paid for remediation are submitted to the City's Planning Division for verification.
- iv. The financial incentive is capped at the actual cost to remediate the site and is not stackable with any other incentive program.
- v. The annual payment is based upon the incremental property taxation payable post construction versus pre-construction.
- vi. The incentive payment for Year 1 is paid subsequent to a supplementary assessment being received from MPAC.
- vii. The incentive is typically paid in January of the year subsequent to the taxation year and only upon verification that taxes payable are in good standing.

**Chart 1 - Summary of Brownfields Incentives**

Agreement (1)	Start Taxation Year (2)	Incremental Taxes = Post-project taxes Less Pre- project taxes (3)	Taxation Year (4)	Expected Cost of Incentive (5)	Estimated Year of Completion (6)
1	2014	62,665	2017	930,732	2029
2	2015	78,914	2017	879,151	2026
3	2016	86,017	2017	365,000	2020
<b>Subtotal</b>		<b>227,596</b>		<b>2,174,883</b>	
4 <sup>(1)</sup>	2015	34,700	Unknown	1,410,700	Unknown
5 <sup>(1)</sup>	2019	42,000	Unknown	356,000	Unknown
<b>Total <sup>(2)</sup></b>		<b>304,296</b>		<b>3,941,583</b>	

Note: 1) Amounts estimated as remediation not yet started or not complete

2) Amounts include both Brownfields Tax Assistance Program and Brownfields Rehabilitation Grant Program

All of the Brownfield property owners have applied for participation in the Central Area Revitalization Grant program (CARP). It too is a tax increment based grant. Since incentives are not stackable, the CARP grant will run consecutively, following the BTAP.

The CARP program is similar in that a grant is offered to property owners on the incremental increase in municipal taxes resulting from the work completed to remediate, rehabilitate, restore and redevelop their properties. The program is implemented over a period of nine years. For the first five years, the grant would be equivalent to 100% of the municipal tax increase with the property owner gradually paying the full amount of taxes from years six to nine. Chart 2 provides a summary of the grant incentive.

**Chart 2 - Summary of Grant Incentive**

Year (N) (1)	Grant Factor (2)
1	100%
2	100%
3	100%
4	100%
5	100%
6	80%
7	60%
8	40%
9	20%
10	0%

On June 12, 2017, in consideration of Report PLPD17-023 Central Area Community Improvement Plan Program Update and Extension, the program was amended to also provide an option for a 100% refund for 10 years and then phased in over the next 4 years where a property is designated under the **Ontario Heritage Act**, or is eligible for designation, and the proponent is willing to have the property designated. The property would then become ineligible for the Heritage Property Tax Relief Program even after the Central Area Revitalization Grant Program ends.

## Summary

The City has developed a suite of financial incentives to stimulate investment in the Central Area. The BTAP program is having a positive impact on enabling development to happen at locations that are environmentally challenged that would otherwise likely not be redeveloped.

Submitted by,

Sandra Clancy,  
Director of Corporate Services

Contact Name:

Richard Freymond  
Manager of Financial Services  
Phone: 705-742-7777 Ext 1862  
Toll Free: 1-855-738-3755  
Fax: 705-876-4607  
E-mail: [rfreymond@peterborough.ca](mailto:rfreymond@peterborough.ca)

Attachment:

Appendix A: Properties in the BTAP Program