

**BROWNFIELD INCENTIVE PROGRAM FEASIBILITY STUDY**

**GENERAL FILE 22.21**

(Referred from the Committee of the Whole (Working Session) meeting of January 24, 2006)

The Committee of the Whole (Working Session), at its meeting of January 24, 2006, recommended:

That this matter be referred to the Committee of the Whole (Working Session) meeting of February 14, 2006.

Report of the Commissioner of Planning dated January 24, 2006.

**Recommendation**

The Commissioner of Planning recommends:

1. THAT the following report and presentation by staff BE RECEIVED for information;
2. THAT while there are industrial areas throughout the City which may be in need of improvement, it is not necessary at this time to proceed with the preparation of Brownfield Community Improvement Plans throughout the City, as the industrial areas in Vaughan have active industrial uses, which do not qualify as "brownfields";
3. THAT in recognition that there are potential redevelopment areas within the City, that include older industrial areas such as the Kipling Avenue Corridor in Woodbridge; the Nashville Core Area; and the Keele Street Corridor between McNaughton Road and Teston Road in Maple, their redevelopment potential should be examined in conjunction with the comprehensive review of the Official Plan, or through an individual planning study as may be directed by Council;
4. THAT the Keele Street Corridor in Maple be examined for its potential inclusion within the Maple Streetscape implementation area in order to achieve a higher level of streetscape and landscape treatment to mitigate the interface of the residential and institutional uses on the east side of Keele Street, with the industrial uses on the west side.

**Economic Impact**

Should Council opt to proceed with the preparation of a Brownfield Community Improvement Project Area and Community Improvement Plan with Financial Incentives for redevelopment, there will be an economic impact.

Proceeding with a full Community Improvement Planning Process will require consultants be retained to undertake the study, as this could not be undertaken within the existing staff complement. A terms of reference will have to be drafted, and a budget prepared for Council approval. As this study has not been included in the 2006 budget request, should Council wish to proceed, direction on budget considerations will be required.

**Purpose**

On April 11, 2005 Council passed the following resolution:

"That the Planning Department, in conjunction with other appropriate departments, provide a feasibility report to a Committee of the Whole (Working Session) meeting by November 2005:

- identifying possible Brownfields Improvement/Rehabilitation areas within the City of Vaughan including, but not restricted to, Woodbridge Core, Keele Street between Major Mackenzie Drive and Teston Road, Nashville Road, and the Jane Street/Highway 7 area,
- identifying which of these areas could be designated as Community Improvement Plan (CIP),
- identifying any available programs that would provide funding for rehabilitation, such as tax incentives under section 365.1 of the Municipal Act, 2001, and any other program of financial assistance,
- outlining the obligations of the landowner in the Brownfield Financial Tax Incentive Program,
- outlining the financial and environmental benefits/disadvantages of the program, and
- outlining the benefits/disadvantages of participation in the program by the Regional Municipality of York.”

The following report is submitted in response to the above noted resolution. A feasibility study was conducted by Development Planning Department staff in consultation with Finance, Economic Development, and Tax departments. The feasibility study examines the legislative process in designating a Community Improvement Project Area and implementing a Community Improvement Plan; details and provides comments on the feasibility of implementing the variety of financial tools available through the *Municipal Act*, *Planning Act* and through the Ministry of Finance; and finally examines the industrial uses in Vaughan and the appropriateness of designating areas within the City as Community Improvement Project Areas.

## **Background - Analysis and Options**

### **1.0 Brownfields**

Brownfields are the legacy of a century of industrialization in Canada. They are abandoned, idle, or underutilized commercial or industrial properties where past actions have caused known or suspected environmental contamination, but where there is an active potential for redevelopment. Brownfields include decommissioned refineries, former railway yards, old waterfronts and riverbanks, crumbling warehouses, abandoned gas stations, former drycleaners and other commercial properties where toxic substances may have been stored.

Brownfields are lands on which industrial or commercial activity took place in the past but are no longer in use and may include buildings which are vacant; they may be underutilized or abandoned; they may or may not be contaminated as a result of past activities; and are often located in prime locations where infrastructure, services, and facilities already exist. These properties are often situated in desirable locations in the heart of downtowns, adjacent to harbourfronts, downtowns, along railway lines, etc.

Toronto and Hamilton, which have the largest number of vacant industrial sites in Ontario, estimate that 10 to 15 per cent of these sites are brownfields. Whether brownfield properties once supported warehouses, steel foundries, textile mills, commercial buildings, automotive or rail repair shops, they represent lost property tax revenue and employment opportunities if left alone. In Ontario, vacant properties are assessed at significantly lower rates than occupied ones. Left alone, brownfield properties reduce the local assessment base.

Bringing brownfield sites back into productive use because of the high costs of remediation, uncertainty about the level of contamination at many sites and environmental liability issues

becomes quite difficult. Left as they are, brownfields can harm the local economy and pose threats to human health and environmental quality. Redeveloped and returned to productive use, they can generate significant economic, environmental and social benefits. Policy and legislative trends both federally and provincially, demonstrate a commitment to encourage the clean up and reuse of brownfield sites. This comes from a growing understanding of the importance of brownfields to the future of growth and economic viability of communities and the public benefits that can be realized through brownfield redevelopment.

A number of tools can be provided within a Community Improvement Plan in order to encourage and provide the necessary incentives for the redevelopment of Brownfield sites. The rationale for providing incentives for brownfield redevelopment is to “level the playing field” between greenfield and brownfield development.

## **2.0 Policy Context for Brownfield Incentive Programs/Community Improvement**

Brownfield redevelopment has garnered significant attention on the Federal and Provincial policy agendas. In the past 4 years significant progress has been made in the area of brownfield policy which has provided some key guidance and subsequent legislation in the area of brownfield redevelopment.

### *2.1 National Roundtable on the Environment and Economy*

In 2001, the Government of Canada mandated the National Round Table on the Environment and the Economy (NRTEE) to prepare a National Brownfield Redevelopment Strategy. The Strategy, entitled: Cleaning up the Past, Building the Future, was completed in 2003. At the heart of the NRTEE's strategy is a commitment to improve the quality of economic and environmental policy development by providing decision makers with the foundation of a Brownfield Strategy for Canada. With the publication of this document, brownfield redevelopment issues were given national attention.

The national brownfield redevelopment strategy seeks to put in place the essential building blocks of a coordinated, comprehensive national approach to cleaning up and redeveloping brownfields in Canada; build on recent initiatives in several Provinces and municipalities to promote brownfield redevelopment across the country as a practical tool for sustainable development; engage the full spectrum of public, private and community interest involved in community development; address the priority challenges to brownfield redevelopment through a mix of policy instruments targeted at specific market failures; and focus efforts on the “middle tier” of brownfields, where strategic public sector initiatives are needed to achieve redevelopment.

### *2.2 Brownfield Statute Law Amendment Act, 2001*

Developed by the ministries of Municipal Affairs and Housing, Environment and Energy and Finance, the *Brownfield Statute Law Amendment Act, 2001* (Bill 56), which came into effect, in part, in 2003, is intended to encourage the remediation and redevelopment of brownfield properties. It does so by clarifying environmental liability and providing municipalities with more flexibility in planning and financing. This Act provides the legislative basis for dealing with brownfield sites in Ontario.

The legislation includes provisions related for:

- i. Contaminated site assessments, clean-up standards and site certification;
- ii. Limited protection from MOE Director's Orders; for owners, secured creditors, municipalities and their representatives including some consultants;
- iii. Limited relief where properties are acquired due to tax arrears; and
- iv. The making of loans or grants, or the granting of planning and building fee exemptions and tax assistance, for the purpose of carrying out Community

Improvement Plans. The total of the grants, fee exemptions and loans made in respect of property and the tax assistance provided to the property cannot exceed the cost of rehabilitating the property.

The *Brownfield Statute Law Amendment Act* amended the *Education Act*, *Environmental Protection Act*, *Municipal Act*, *Municipal Tax Sales Act*, *Ontario Water Resources Act*, *Pesticides Act*, *Planning Act* in order to implement these changes.

The new legislation clarifies and limits environmental liability, providing certainty to stakeholders involved in brownfields redevelopment. It puts checks and balances in place to ensure that brownfields are properly assessed for contamination and cleaned up prior to redevelopment. These checks and balances are there to protect human health and the environment. Legislation provides for the following:

- a) Site assessment and clean-up standards;
- b) Limited liability protection from environmental orders for municipalities, secured creditors, receivers, trustees in bankruptcy, fiduciaries and property investigators;
- c) Limited protection from environmental orders for owners who follow the prescribed site assessment procedures and file a record-of-site condition stating that a site meets the appropriate standards; and
- d) Quality assurance through mandatory use of certified site-cleanup professionals, mandatory filing of a record-of-site condition to a publicly accessible environmental site registry, acceptance of risk assessments by the Ministry of Environment and Energy and an enhanced auditing process.

The legislation changes the community improvement provisions aimed at maintaining, remediating, rehabilitating and developing the existing physical environment to accommodate social, economic and environmental activities. Key changes were made to facilitate and speed up redevelopment projects, including brownfields. The legislation allows municipalities greater flexibility in designating community improvement project areas and in preparing community-improvement plans to facilitate the cleanup and redevelopment of individual and scattered brownfield properties. It speeds up planning processes by eliminating the need for Minister's approval of community-improvement plans that do not involve financing incentive programs; allows municipalities to provide grants and loans to owners and tenants of brownfield properties to assist with the cost of cleanup; and expands the definition of community-improvement project area to include not just physical reasons for improvement but also environmental, social and economic development reasons.

### *2.3 Provincial Policy Statement:*

The Provincial Policy Statement, 2005 contains numerous policies which support and encourage the redevelopment of brownfield areas. The PPS defines a brownfield site as "undeveloped or previously developed properties that may be contaminated. They are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict, or vacant."

The 2005 Provincial Policy Statement (1.1.3.3) also states that "Planning authorities shall identify and promote opportunities for *intensification* and *redevelopment* where this can be accommodated taking into account existing building stock or areas, including ***brownfield sites***, and the availability of suitable existing or planned *infrastructure* and *public service facilities* required to accommodate projected needs." Brownfield redevelopment can provide the City with opportunities to achieve the intensification requirements of the PPS. Intensification and redevelopment policies within the PPS are intimately tied to the redevelopment and reuse of brownfield sites.

In addition to achieving intensification objectives, the PPS (1.7.1) recognizes that long term economic prosperity is also tied to promoting the redevelopment of ***brownfield sites***.

## *2.4 Places to Grow*

Places to Grow (draft, February 2005), the Greater Golden Horseshoe Growth Plan contains draft policies which are designed to ensure that growth occurs within existing urban areas in a coordinated way, and encourages achieving this growth away from Greenfield areas, and into existing urban areas including brownfield sites, where growth can take advantage of existing, and potentially underutilized infrastructure.

### **3.0 Community Improvement Plans**

Community Improvement Plans (CIPs) are municipal strategic plans, which complement Official Plans, to target areas in transition or in need of further strategic planning involving partnerships with the private sector and community groups and that stimulate community improvement activities including making assistance programs available to achieve strategic goals.

Community Improvement Project Areas are defined in Community Improvement Plans as an area within the municipality where, in the opinion of Council, it is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings for any other environmental, social, or community economic development reasons to provide financial or other incentives to encourage redevelopment within a Community Improvement Project Area.

Community Improvement Plans for the purpose of brownfield redevelopment are the policy expression of a community's plans to facilitate brownfield redevelopment, and they are the mechanism by which a municipality can provide brownfield financial incentive programs.

Community Improvement Planning and brownfield redevelopment can allow the municipality to achieve strategic objectives and assist in transforming an area which needs the financial incentives to level the playing field between brownfield and greenfield development. Coupled with other policy objectives such as meeting intensification targets, and encouraging Green Buildings, the City can achieve official plan redevelopment objectives which may not otherwise be realized without the public-private partnerships within a Community Improvement Plan.

There are several municipalities across the Province who have developed Community Improvement Plans to deal specifically with the redevelopment of brownfield sites. Hamilton's ERASE program is among the most notable in the Province, with over 3400 acres within the Community Improvement Project area. The areas subject to this program are centred around Hamilton Harbour and inland along CN rail line. The program contains grants for redevelopment which cover the costs of environmental remediation and environmental studies, demolition and site preparation; environmental study grants for Phase II and/or Phase III Environmental Site Assessments to a maximum of \$10, 000; and a Planning and Development Fees program which is a grant-in-lieu of all planning and some building fees.

Kingston has a CIP which was approved in February 2005 which defines two Community Improvement Project Areas which are focused around the lands along the Great Cataraqui River, in the downtown core where the majority of the historic industrial activity in Kingston occurred. This area was the hub of industrial activity where heavy industry located as a result of the historic shipment of goods by rail and water up to the 1960s. Since that time, many properties in the area have been redeveloped and the rail lines have been removed. Kingston's CIP contains similar financial incentives to Hamilton, however, provides an interesting example of promoting LEEDs (Leadership in Energy and Environmental Design) standards in their redevelopment projects.

There are several other communities across the Province with similar programs including Sarnia, Cambridge, Kitchener, Brantford, Guelph, Niagara Falls, Windsor, and Oshawa. The core similarity between all of these plans is the revitalization of areas within each municipalities where their industrial heritage has left key areas abandoned and derelict. The economic viability of these communities is generally dependent on brownfield redevelopment occurring.

#### **4.0 Community Improvement Planning Process**

Community Improvement Plans are governed by Section 28 of the *Planning Act*, which establishes the process for designating Community Improvement Project Areas. The summary of Section 28 of the *Planning Act* is as follows:

- i. There must be an Official Plan in place which has general policies permitting the establishment of Community Improvement Project Areas and Community Improvement Plan. The official plan amendment is subject to the same statutory requirements of the *Planning Act* as all OPAs, including public notice, public meetings and appeal mechanisms.
- ii. Where there is such an official plan in place, Council may designate by by-law the whole or any part of the area covered by the Official Plan as a "Community Improvement Project Area."
- iii. For the lands designated within the above by-law, Council may pass a Community Improvement Plan which utilizes the authority to exercise financial incentives provided by subsection 28(6) and (7) of the *Planning Act* or 365.1 of the *Municipal Act*.
- iv. The Minister of Municipal Affairs and Housing is the approval authority for all Community Improvement Plans offering financial incentives.

The City's official plans have been reviewed, and there is no provision currently for Community Improvement Plans in any of the Official Plans. However, the draft Official Plan Amendment associated with the Highway 7 and Jane 7 Employment Area studies contain policies to that effect. An amendment will be required to proceed to the Community Improvement Phase. Statutory Public Hearings, and all other legislative requirements would also be required.

The Region of York's Official Plan currently does not have provisions for Community Improvement, and an amendment to the Region's Official Plan may also be required to provide a general statement permitting CIPs. This has been discussed with Planning staff at the Region, and preliminarily, they are recommending that should Vaughan wish to proceed, that a request be made to amend the Region's Official Plan. Guidance from the Ministry of Municipal Affairs and Housing is being sought with regards to the requirement of a Regional Amendment.

The City has the option of adopting a City-wide Official Plan Amendment which could be worded generally to permit the designation of Community Improvement Project Areas and Community Improvement Plans across the City. The City's Official Plan Amendment process would be subject to appeals and Regional approval.

Similar to the Official Plan Amendment process, the CIP process requirements of Section 28 of the *Planning Act* requires Council authorization, holding statutory public meetings, and appeals to the OMB.

Once a Community Improvement Plan (CIP) has been passed by Council, the CIP is subject to approval by the Ministry of Municipal Affairs and Housing.

#### **5.0 Financial Incentives**

Financial incentives for brownfield redevelopment projects are intended to level the playing field between brownfield and greenfield development. Therefore, only the costs associated with remediating a property are eligible for financial incentives. This requirement is legislated by the *Planning Act*, and the *Municipal Act* and the City can ensure this by establishing criteria for qualifying for financial incentives within the Community Improvement Project Area. Bill 51, the *Planning and Conservation Land Statute Amendment Act, 2005* is proposing changes to the Community Improvement provisions of the *Planning Act* which would provide greater flexibility in

the application of financial incentives within Community Improvement Plans. Financial incentives are only available to properties within an approved Community Improvement Plan.

The City has the option of tailoring the financial incentives to the unique conditions within Vaughan and developing it's own combination of incentives. Additionally, each project would be reviewing individually to determine, within the package of incentives offered by the City, which specific programs it would qualify for. In all cases, the landowner or proponent must meet all the applicable requirements of the *Environmental Protection Act* regarding assessment, remediation, and process.

It is crucial to provide supporting information to any potential brownfield redevelopment Community Improvement Plan demonstrating that without financial incentives for redevelopment, rehabilitation and redevelopment of these sites would not occur. One of the rationales for a CIP with financial incentive programs is the opportunity to address apparent market failure, and to act where the private market has not. A CIP also allows for actions where desired redevelopment is not occurring.

Generally, the incentives listed below are permitted as a result of the *Brownfield Statute Law Amendment Act* which made amendments made to a number of other Acts to facilitate Brownfield redevelopment.

### **5.1 Municipal Act**

The *Municipal Act* subsection 106 (1) prohibits municipalities from directly or indirectly assisting any manufacturing business or other industrial or commercial enterprise through the granting of bonuses (sometimes referred to as the "bonusing rule"). Prohibited actions include:

- i. giving or lending money or municipal property;
- ii. leasing or selling any municipal property at below fair market value;
- iii. guaranteeing borrowing; and
- iv. giving a total or partial exemption from any levy, charge or fee.

Notwithstanding the bonusing rule, subsection 106(3) of the *Municipal Act* permits, with the Municipal Affairs and Housing minister's approval, certain financial assistance for the purpose of implementing a Community Improvement Plan that has been adopted under the provisions of Section 28 of the *Planning Act*.

Section 365.1 (2) of the *Municipal Act* allows a local municipality to pass a by-law providing for the cancellation of all or a percentage of the taxes levied on an "eligible property" (as defined in the *Act*) for municipal purposes during the rehabilitation period of the property, or providing that the taxes on the property shall not be increased during the rehabilitation or development period of the property, or such conditions as the municipality may determine.

### **5.2 Planning Act**

Under Section 28 of the *Planning Act* as amended by the *Brownfields Statute Law Amendment Act* a municipality can:

- i. Acquire, hold, clear or grade land for community improvement purposes;
- ii. Construct, repair, rehabilitate or improve buildings on land acquired or held by the municipality;
- iii. Sell, lease or dispose of lands and buildings acquired or held by the municipality;
- iv. Give loans and grants to registered owners, assessed owners and tenants of lands and buildings within the community improvement project area, and to any persons to whom such an owner or tenant has assigned the right to receive a grant or loan, to

- pay for the whole or any part of the costs of rehabilitating such lands and buildings in conformity with the community improvement plan;
- v. Provide tax assistance by freezing or canceling the municipal portion of the property tax on eligible properties for remediation purposes; and
- vi. Issue debentures with the approval of the Ontario Municipal Board.

Within the framework of a local official plan, once a municipality has approved community improvement policies and a designated community improvement project area, it may use the powers afforded through subsection 28 (7) to issue grants or loans to registered or assessed owners of lands and buildings within the designated area.

Subsection 28 (7.1) of the *Planning Act* limits the amount of grants or loans that can be provided by a municipality in a CIP. This subsection limits the amount of grants / loans to “the cost of rehabilitating the lands and buildings”.

### 5.3 Examples of Financial Incentives

Within the context of an approved Community Improvement Plan, the following financial tools are available to Ontario municipalities:

- I. Grants or loans;
- II. Tax increment equivalent grants or loans;
- III. Fee exemptions, refunds, waivers and reductions; and
- IV. Other tools.

#### **I. Grants or Loans**

Most municipalities that are providing financial assistance through the provisions of Section 28 of the *Planning Act* do so through outright grants or loans. This approach, which is generally subject to the bonusing rule unless a minister's approval is obtained, requires that Council set aside a sufficient amount either at the onset of the program or on an annual basis to fund the grants or loans. From a municipal perspective, the advantage to providing a loan, rather than a grant, is that the repayments can help establish a revolving fund for future loans. Generally the loans are interest-free or below market rates.

Grants and loans offered through a Community Improvement Plan can be tailored to the specific needs of the project area, and the City's approach to the CIP.

#### **II. Tax Increment Equivalent Grants or Loans**

Tax increment equivalent financing refers to a grant or loan tool which leverages the difference between the current and potential tax yields on redeveloped properties.

A number of municipalities have developed innovative approaches to providing financial incentives for redevelopment led by the private sector and community improvement initiatives that minimize financial pressures on the municipality. London and Thunder Bay have set up programs that provide property owners with grants equivalent to a deemed tax increment through the community improvement provisions of Section 28 of the *Planning Act*. A number of other municipalities are in the process of adopting similar plans.

#### **III. Exemption/Refund/Reduction of Planning Application Fees and Exemption From Development Charges**

Many municipalities that provide grants or loans under Section 28 of the *Planning Act* also provide other incentives, which collectively can have a substantial impact on the



financial viability of a redevelopment project. Some of these incentives include the waiving or refund of fees for official plan and zoning by-law amendments, consents to sever, plans of subdivision, development agreements, site plan applications and agreements, minor variance applications, demolition permits, building permits, parkland dedication and exemption from development charges.

#### **IV. Other Tools**

Other financial incentive tools that can result in the defraying of development costs include flexible, reduced, or no parking requirements for specific types of development, less restrictive zoning requirements for commercial and residential development and funding for feasibility studies relating to adaptive reuse projects.

#### **5.4 Ontario Heritage Act**

Although not exclusively related to Brownfield Redevelopment, the *Ontario Heritage Act*, section 39 allows municipalities to make loans or grants to owners of heritage designated properties. These grants or loans are to pay for all or part of the cost of alteration (i.e., restoration, renovation and repair) of the designated property, on terms and conditions established by a municipal council. This may become relevant to the Brownfield redevelopment context should a former industrial use be on a designated heritage property.

#### **5.5 Development Charges Act**

Section 4 of the *Development Charges Act, 1997* exempts the first 50 per cent of existing industrial building expansions from municipal development charges. Paragraph 10 of subsection 5(1) of the *Development Charges Act, 1997* permits municipalities to give full or partial exemption for some types of development.

In the interests of economic competitiveness and job creation or preservation, many Ontario municipalities have chosen to use this section to wholly or partially exempt new industrial development and larger expansions of existing industrial buildings from the imposition of local development charges and impact fees. In many cases, these exemptions are extended to other forms of non-residential development. Cambridge, Hamilton/Regional Municipality of Hamilton-Wentworth, Kitchener and London are examples of municipalities using this financial tool.

Under subsection 2(7) of the *Development Charges Act, 1997*, municipalities may exempt areas of the municipality from the application of a development charges by-law. Such areas could include a downtown or development area, including community improvement project areas under the *Planning Act*. Municipalities may also adopt area by-laws not including a specific area.

Waiving or reducing development charges as a financial incentive for brownfield redevelopment is a viable option as typically infrastructure is already in place to service redevelopment projects, and the general public good that arises from the redevelopment of brownfield sites. The implementation of such an incentive is implemented through the City's Development Charges By-law, and detailed within the Community Improvement Plan.

#### **5.6 Ministry of Finance Brownfield Financial Tax Incentive Program (BFTIP)**

The Brownfield Financial Tax Incentive Program allows municipalities to give tax assistance for the purposes of environmental rehabilitation of brownfield properties within an approved Community Improvement Plan. This program was announced in the 2004 Ontario Budget, and allocates up to \$5 million annually in matching education property tax assistance for the rehabilitation of brownfield properties.

This program complements the program under the *Municipal Act* which allows local municipalities to cancel all or a percentage of the taxes levied on an “eligible property” (as defined in the *Act*) for municipal and purposes during the rehabilitation period of the property, or providing that the taxes on the property shall not be increase during the rehabilitation or development period of the property. The Minister of Finance may match the municipal tax assistance contribution with education property tax assistance to parties that want to rehabilitate brownfield properties and meet the eligibility criteria of the BFTIP program.

Tax assistance under the BFTIP program is applied to the costs of site remediation and is available during the rehabilitation and development periods of eligible properties. The maximum of tax assistance available is the cost of rehabilitating a property. Under this program, the City would be responsible for the establishment and administration of the program and the establishment of eligibility criteria for tax assistance for the municipal portion of the property tax. Applications by municipalities to the Minister of Finance for matching the education property tax assistance for specific properties that satisfy eligibility requirements will be considered by the Ministry of Finance on a case-by-case basis.

Qualifications for this program include designation within an approved Community Improvement Plan which contains provisions for tax assistance under section 365.1 of the *Municipal Act*, a Phase II Environmental Site Assessment has been completed which confirms the need for rehabilitation. The program also contains provisions for timing of assistance relative to rehabilitation; the assessment of the landowner’s capability and willingness to undertake the required remediation; specific requirements for processing applications to the program; land ownership requirements; and program length requirements.

As with the other financial incentive programs, and the implementation of any programs within a CIP, the landowner is required to comply with all of the applicable provision of the *Environmental Protection Act* regarding assessment, remediation, and process, and any other requirements as of the Municipality as may be placed within the CIP.

### **5.7 Region of York Participation**

Section 365.1 (4) of the *Municipal Act* also allows the upper-tier municipality to participate in the cancellation of all or a percentage of the Regional taxes or that the taxes levied at the Regional level shall not be increased during the rehabilitation and development periods for an eligible property.

Direct request for participation at the Regional level to the BFTIF program would be made directly to the region at the time of application at the local level. This would stimulate a response for regional participation in tax relief for a particular site. Participation at the Regional level would be beneficial, as their portion of the tax rate is significant.

### **6.0 Vaughan Context**

Vaughan has a number of industrial areas or employment areas located throughout the southern and western portions of the City, and smaller pockets scattered through the communities of Maple, Concord, and Woodbridge.

There are several areas throughout the City of Vaughan where the various official plans permit a range of commercial, and industrial activities to occur. These lands, which are designated as “Employment” by the various official plans, are shown on Attachment #1 to this report. The employment area designations permit a full range of industrial uses such as manufacturing, warehousing and processing, transportation, construction, and distribution facilities. Within the wide range of uses within these designations, there may be uses in existence which may generate some level of environmental contamination.

More defined uses within these employment areas are defined within the City's Zoning By-law 1-88. A variety of zone categories exist within the City which permit a range of commercial and industrial uses which may generate some level of environmental contamination including C6 Highway Commercial Zone; C7 Service Commercial Zone; EM2 General Employment Area Zone; EM2-A Restricted General Employment Area Zone; EM4 Employment Area Transportation Zone; M1 Restricted Industrial Zone; M2 General Industrial Zone; M3 Transportation Industrial Zone; M4 Pits and Quarried Industrial Zone; M5 Disposal Industrial Zone; PBM1 Parkway Belt Industrial Zone; and PBM7 Parkway Belt Industrial Zone. The distribution of these sites throughout the City are shown on Attachment #2 to this report.

Vaughan's industrial history is quite recent, and agriculture dominated the Vaughan landscape until the mid 1960s. The CN Freight Classification Yard opened in 1964, with limited industrial uses emerging around the yard in the late 1960s and throughout the 1970s, further development throughout the 1980s and significant development throughout the 1990s. Approximately one-half of all companies located within the City of Vaughan began operations after 1990 (Source: Employment and Business Profile, ETDD).

Vaughan's proximity to the 400 series highways, airport, CN classification yard, and CP Intermodal terminal make Vaughan a desirable location for industrial and commercial uses, and continues to be economically viable. Vaughan has a thriving industrial market as indicated by the significant activity in the past few years in the industrial and commercial real estate markets in Vaughan. In 2003, Vaughan dominated industrial sale activity within the GTA, accounting for 22% of total land sales volume across the GTA, and has become a significant centre for industrial development. The industrial overall vacancy rate for 2003 was 4.4%, with 4.1% being vacant for lease, and 0.6% vacant for sale (Source, Annual Report, 2003, ETDD).

Brownfields are defined as lands on which industrial or commercial activity took place in the past but are no longer in use and may include buildings which are vacant; they may be underutilized or abandoned; they may or may not be contaminated as a result of past activities; and are often located in prime locations where infrastructure, services, and facilities already exist. The Provincial Policy Statement defines a brownfield site as "undeveloped or previously developed properties that may be contaminated. They are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict, or vacant."

Unlike a lot of other municipalities Ontario with an industrial history, Vaughan's industrial sector is relatively new, fully operational, and economically viable. Industrial uses in Vaughan are active and existing. There are no known abandoned industrial operations nor any industrial sites in the City's ownership as a result of a failed tax sale as is the case with a number of other Ontario Municipalities. Vaughan may have industrial uses which are potentially generating some contamination, or there is a perception of contamination as a result of the use, however, these industrial uses are active and viable, and are subject to the requirements of the *Environmental Protection Act* for any potential contamination which may be generated. Financial incentives for redeveloping brownfields are not provided for active industrial uses.

Windshield surveys throughout the City's industrial areas have been conducted by staff. There may be isolated sites within the City which appear to be underutilized or vacant, however, the vast majority of the lands within the industrial areas are active and economically viable operations. Specific areas of interest are identified and discussed below.

### **6.1 Jane/7 Employment Area Redevelopment Study**

The Jane Street and Highway 7 Employment Area (also referred to as Jane South) is bound by Jane Street to the west, Highway 7 to the north, the CN Rail line to the east, and Highway 407 to the south, as shown on Attachment #3. The area contains a broad mixture of heavy and light industrial uses, many with open storage, mixed with commercial warehouses, and strip plazas.

Although the area may have a poor visible quality, the uses are existing and sites continue to be operational.

The Jane/7 Employment Area Redevelopment Study is currently being undertaken through the Policy Planning/Urban Design group by the Planning Partnership. This study specifically examines the lands within the south east corner of Jane Street and Highway 7, within the Vaughan Corporate Centre. The draft report, released in September 23, 2002 describes the study area as being a site which required a comprehensive redevelopment strategy to transform the area into the diverse, attractive, and successful district envisioned in the Vaughan Corporate Centre Plan.

The draft document recommends establishing an incentive based implementation strategy, influenced by the City of Hamilton's ERASE program, and adopting a Jane/7 Community Improvement Plan to provide for the framework for the delivery of the programs and incentives to stimulate environmental clean-up and redevelopment of this area.

On October 6<sup>th</sup>, 2005, a Public Open House was held in Woodbridge on the study, and the statutory Public Hearing was held on December 5, 2005. The finalization of the study anticipated to proceed in early 2006.

## **6.2 Woodbridge Core (Kipling Ave.)**

The industrial uses within the Woodbridge Core Area are generally located in the area adjacent to the abandoned CPR spur line on the west side of Kipling Avenue, north of Woodbridge Avenue, as shown on Attachment #4. Among the industrial uses in this area are larger industries including Woodbridge Foam producing polyurethane foam products for automotive, industrial, and commercial uses, and Woodbridge Lumber, both of which are active industries.

Along the west side of Kipling Avenue are a number of properties which are zoned R3 (Single Family Detached Dwelling) however contain a variety of businesses including landscaping, equipment rental, along with residential, and institutional (Montessori School). At 350 Woodbridge Avenue there are 2 multi-unit industrial buildings (Zoned M2 General Industrial) containing a variety of uses including some automotive and construction related businesses. As there is a significant amount of outside storage, the area is visually unappealing. The buildings within this reach are older and deteriorating. Given its location adjacent to residential areas, and the closure of the CPR spur line, the lands are in a good position for redevelopment.

In order to promote redevelopment in the area, OPA 356 ("Kipling Avenue Corridor Study" approved by Council in March 1991) designated land along the west side of Kipling Avenue including the Woodbridge Foam property, as "Medium Density Residential (with the exception of the multi-unit building at 350 Woodbridge Ave).

Currently there is an application to redevelop 4 existing parcels into one four storey condominium building, and 17 townhomes. The application for redevelopment suggests that some movement towards redevelopment in the area is occurring.

Notwithstanding this, the active industrial users in the area; Woodbridge Foam, and Woodbridge Lumber are viable industries.

Given the length of time that has transpired since the Kipling Avenue Corridor Study in 1991, Council may wish to revisit and proceed with a study to examine opportunities for redevelopment within the area, however, given the nature of the active industrial users, would not be considered appropriate for a brownfield community improvement plan.

### **6.3 Keele Street, north Maple**

There is a concentration of industrial uses along the east side of Keele Street in Maple, between McNaughton Road and Teston Road, including the streets Rodina Drive and Malmo Court, immediately east of the Keele Valley Landfill Site, and bisected by the CN Rail line, as shown on Attachment #5. The lands are designated "Prestige Industrial" and "Industrial" by OPA 332, and are zoned M1 Restricted Industrial, and M2 General Industrial. There are a range of existing uses including self storage, building supplies, and aggregate recycling.

The area is visually unappealing, as there is outside storage, particularly in the Rodina Drive/Malmo Court area. The industrial buildings are occupied, the uses are active. Although some existing uses may, by their nature, be potentially generating some form of environmental contamination, they are not bona fide brownfield sites eligible for financial incentives for redevelopment.

The area is undergoing current development for industrial uses including 2 new multi-unit industrial buildings on Keele Street, and an additional self storage building at the existing facility on Keele Street.

There has been no additional planning permissions other than the existing industrial designations which have been granted for this area, which would encourage its redevelopment. The uses in this area are at odds with the institutional and residential uses on the west side of Keele Street. This area is the entry into the Maple Village Core, and the industrial uses on the east side, although associated with the closed landfill site, warrant re-evaluation in the context of the closure of the landfill, and the associated Maple Valley Plan. Should Council wish to pursue redevelopment of this area, it is recommended that this begin with an examination of planning incentives which may encourage redevelopment. However, as it is an active industrial area, it is not recommended that financial incentives for brownfield redevelopment be pursued for this area.

Additionally, it is recommended, that in the interim, this area be examined for its potential inclusion within the Maple Streetscape implementation area in order to achieve a higher level of streetscape and landscape treatment to mitigate the interface of the residential and institutional uses on the east side of Keele Street, with the industrial uses on the west side.

### **6.4 Nashville Road**

On the north and south sides of Nashville Road, west of the CP Rail Line, east of Huntington Road (Attachment #6), there are several rural industrial uses including a lumber yard, contractors yard, and landscaping company, and a fuel company, some with visually unappealing outside storage.

The uses along this corridor are light industrial uses typical in rural areas.

The area is designated as "Core Area" in OPA 601 (Kleinburg-Nashville Community Plan) and zoned a combination of A Agricultural, M2 General Industrial, C2 and C3. The Core Area policies provide for the development of this area to include local convenience commercial uses, personal service shops, professional and business offices, single detached residential, bed and breakfasts and parks and open spaces. The rural industrial uses in this corridor continue to operate, and there are no current applications for redevelopment of lands within this corridor.

Although pockets of the Nashville area have industrial uses which appear to be in a state of some deterioration, there doesn't appear to be a need for Brownfield Incentive programs for redevelopment of this area. The redevelopment potential of this corridor should be examined in the context of the next Official Plan review for the Kleinburg/Nashville Communities.

## **Relationship to Vaughan Vision 2007**

This report is consistent with the priorities set forth in Vaughan Vision 2007, particularly 'A-5', "Plan and Manage Growth", and 'A-7' "Safeguard our Environment."

## **Conclusion**

The redevelopment of brownfield sites is an important issue for many municipalities in Ontario with an industrial history where core areas are left abandoned, idle, and derelict as a result of past industrial uses. There are many financial tools which are available for implementation at a municipal level through Community Improvement Planning.

The industrial uses within Vaughan are relatively new, and are generally not in the same physical and economic condition as other municipalities such as Hamilton, Cambridge, or Sarnia. The industrial uses throughout the City of Vaughan are thriving. Financial incentives for brownfield redevelopment are necessary where planning incentives are insufficient, and it becomes necessary to address apparent market failure, to act where the private market has not, and to allow for actions where desired redevelopment is not occurring. High land values, and proximity to major highways and the airport make Vaughan a desirable location for medium and small scale industrial uses. There are a few areas throughout the City with visually unappealing industrial areas, however, these are generally active and would not be considered "brownfields".

The south east section of Jane and Highway 7 is currently under examination in the Jane-7 Employment Area Redevelopment Study, which is progressing through the final stages of the study. Recommendations may be made through this process to provide for planning and/or financial incentives to encourage the redevelopment of this area.

The industrial uses along Kipling Avenue in Woodbridge were subject to a study which was approved as OPA 356 in 1991. The outcome of this study provided for a medium density residential designation for all of the industrial lands within the corridor. In the 11 years since the OPA was passed, only recently has there been activity within the area, with a current application for residential at higher densities than permitted in OPA 356. Given the length of time that has transpired since the Kipling Avenue Corridor Study, Council may wish to revisit this area and proceed with a study to examine opportunities for redevelopment.

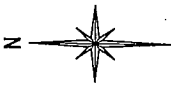
Should Council wish to see redevelopment occurring within specific areas throughout the City, then it is recommended that planning incentives for redevelopment be explored as an initial step. Where planning incentives have failed, then financial incentives to encourage redevelopment may be warranted with sufficient justification.

## **Attachments**

1. Industrial/Employment Official Plan Designations within the City.
2. Industrial/Commercial Zoning of Interest within the City.
3. Jane Street & Highway 7 Employment Area
4. Kipling Avenue (Woodbridge)
5. Keele Street (North Maple)
6. Nashville Road

## **Report prepared by:**

Karen Antonio-Hadcock, Senior Planner, Environmental, Planner, ext. 8630



**LEGEND**

- OPA 2404
- OPA 332
- OPA 350
- OPA 450A
- OPA 450B
- OPA 500A
- OPA 600B
- ROPA 19

**Industrial / Employment  
Official Plan Designations**

APPLICANT:  
CITY OF VAUGHAN

Development Planning Department

FILE No.:  
22.21

Not to Scale

January 19, 2006



**Attachment 1**

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- C6
- C7
- EM1
- EM2
- EM2-A
- EM4
- M1
- M2
- M3
- M4
- PBM1
- PBM7

**LEGEND**

**Industrial / Employment Zoning**

APPLICANT:  
CITY OF VAUGHAN

LOTS 1 - 35,  
CONCESSIONS 1 - 11



Development Planning Department

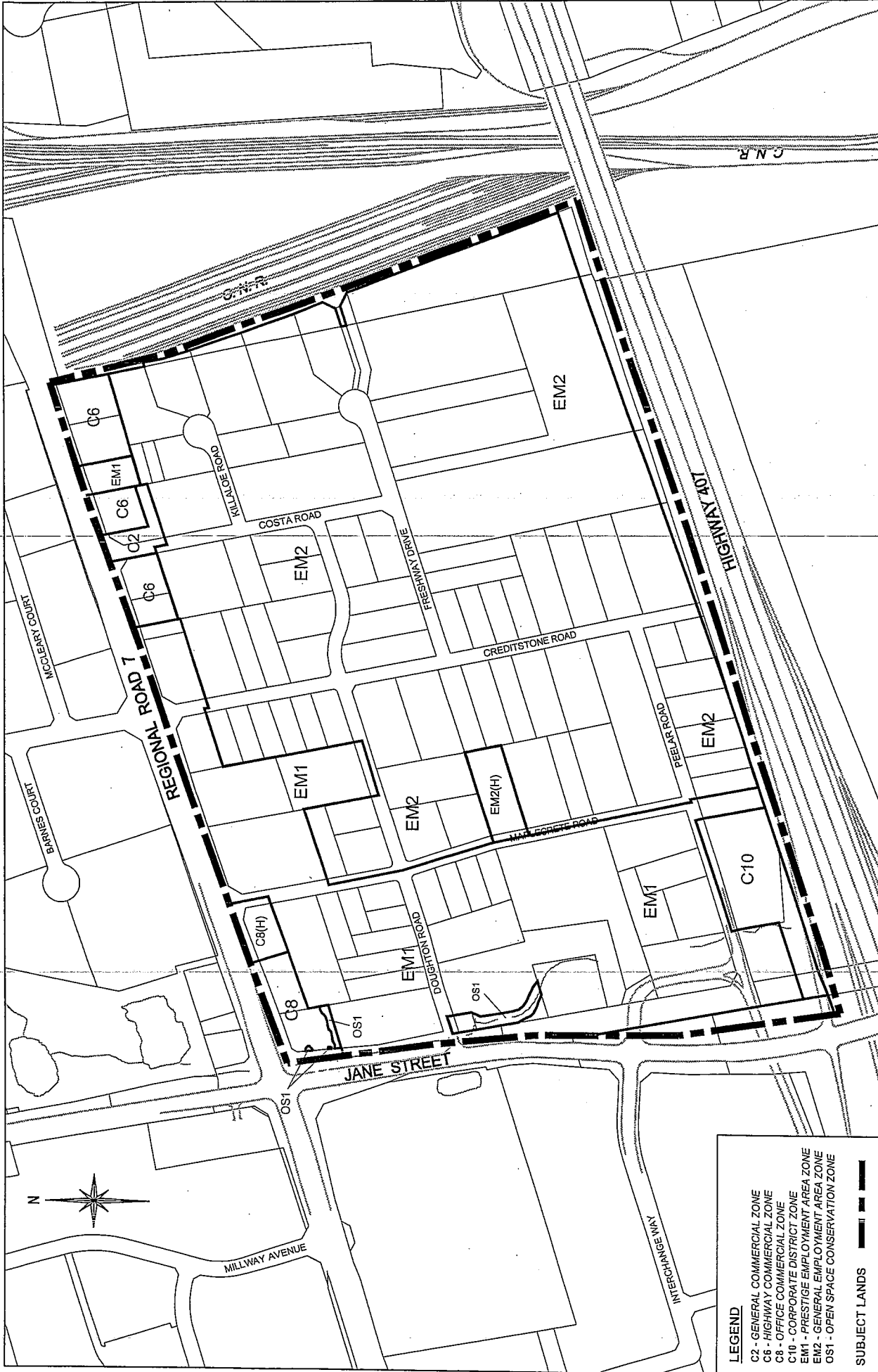
**Attachment**

**2**

FILE NO.:  
22.21

Not to Scale  
January 19, 2006





**LEGEND**  
 C2 - GENERAL COMMERCIAL ZONE  
 C6 - HIGHWAY COMMERCIAL ZONE  
 C8 - OFFICE COMMERCIAL ZONE  
 C10 - CORPORATE DISTRICT ZONE  
 EM1 - PRESTIGE EMPLOYMENT AREA ZONE  
 EM2 - GENERAL EMPLOYMENT AREA ZONE  
 OS1 - OPEN SPACE CONSERVATION ZONE

**SUBJECT LANDS**

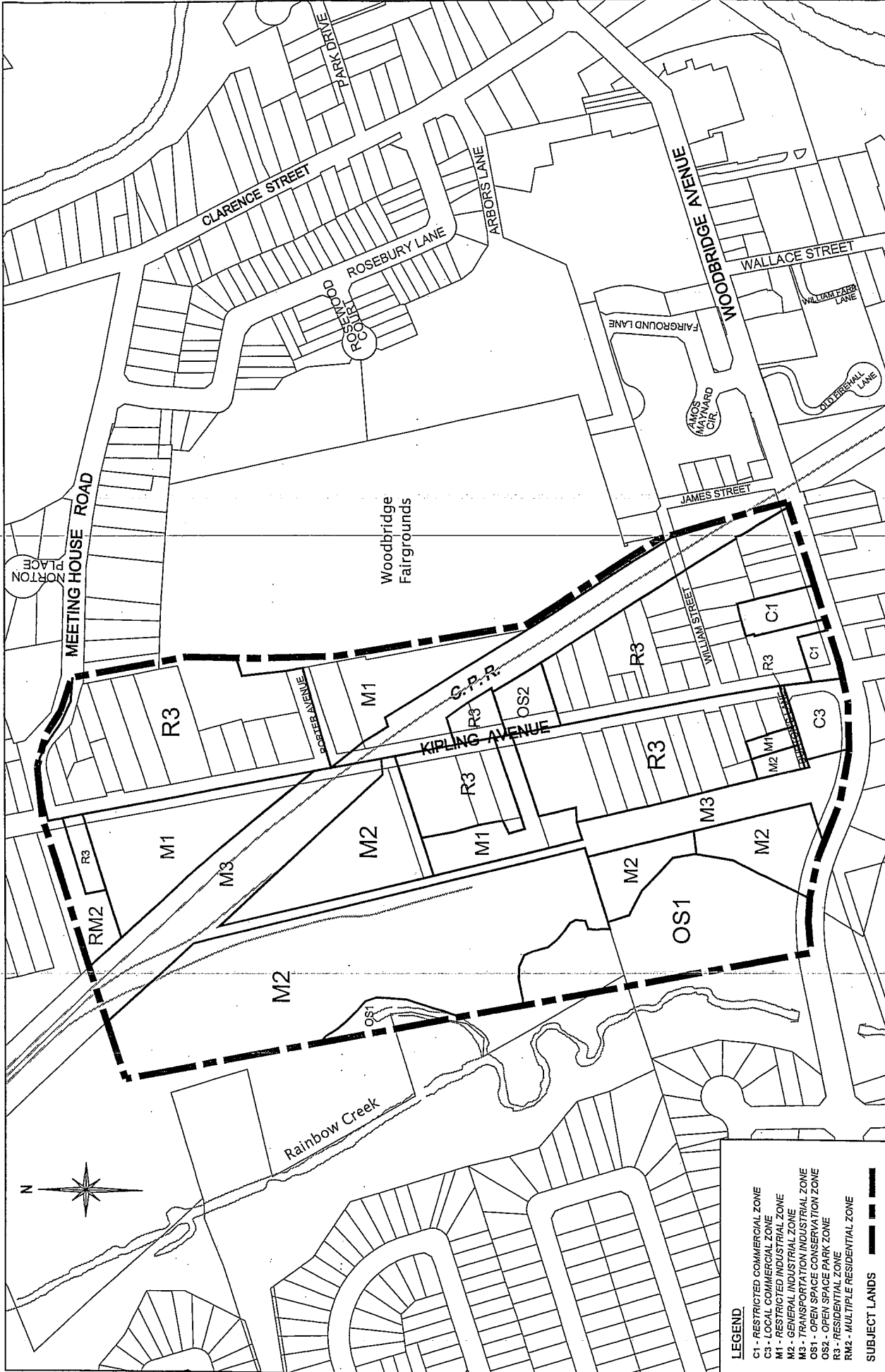
**Location Map - Jane Street & Highway 7 Employment Area**

APPLICANT: CITY OF VAUGHAN  
 Lots 4 & 5, Concession 4



Development Planning Department

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**LEGEND**

- C1 - RESTRICTED COMMERCIAL ZONE
- C3 - LOCAL COMMERCIAL ZONE
- M1 - RESTRICTED INDUSTRIAL ZONE
- M2 - GENERAL INDUSTRIAL ZONE
- M3 - TRANSPORTATION INDUSTRIAL ZONE
- OS1 - OPEN SPACE CONSERVATION ZONE
- OS2 - OPEN SPACE PARK ZONE
- R3 - RESIDENTIAL ZONE
- RM2 - MULTIPLE RESIDENTIAL ZONE
- SUBJECT LANDS - - - -

**Location Map - Kipling Avenue Corridor (Woodbridge)**

APPLICANT: CITY OF VAUGHAN  
 Lots 7 - 9, Concessions 7 & 8



Development Planning Department

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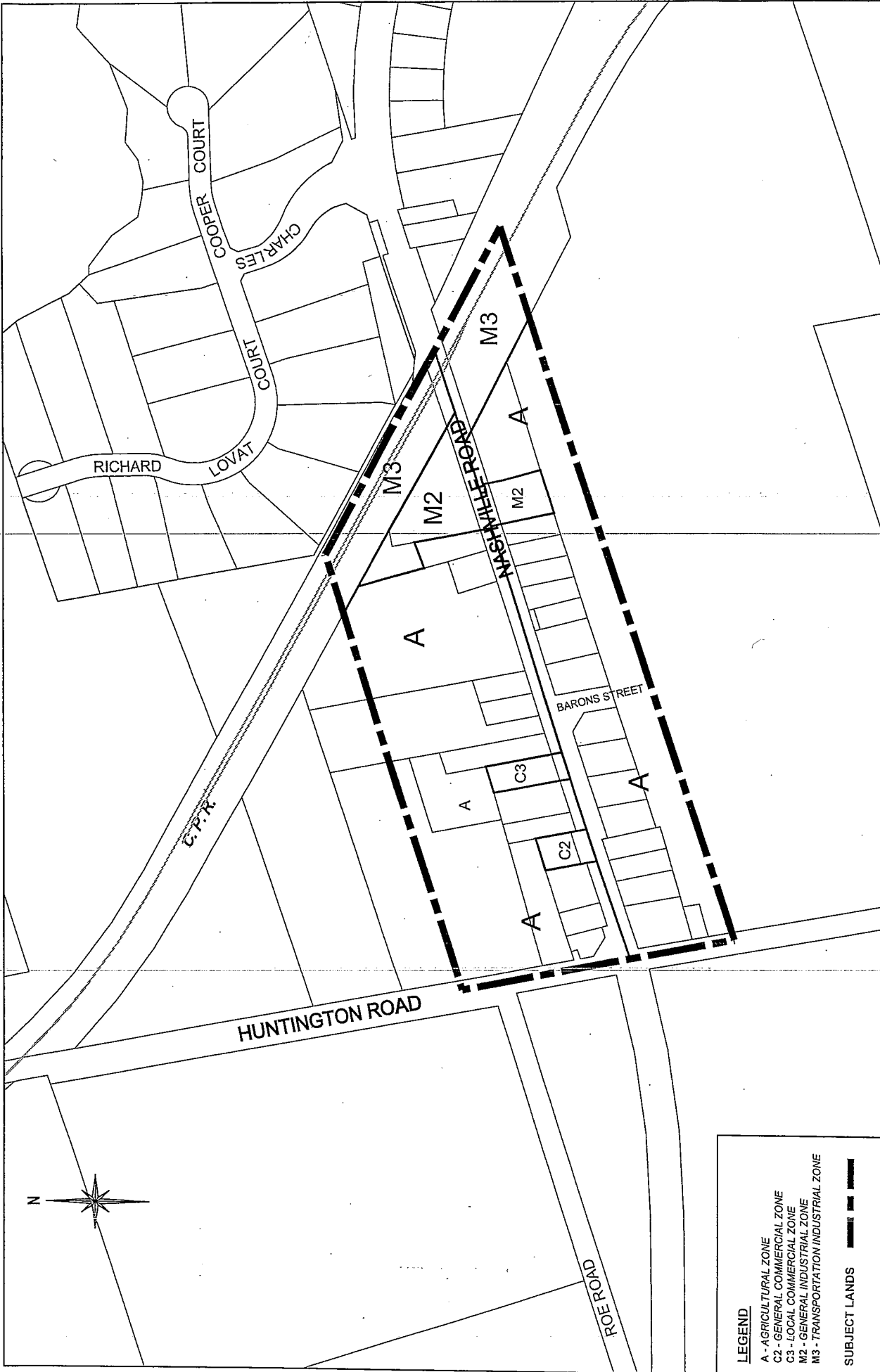


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**Location Map -  
 Keele Street, North Maple**

APPLICANT: Lots 22 - 26,  
 CITY OF VAUGHAN Concessions 3 & 4

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**LEGEND**  
 A - AGRICULTURAL ZONE  
 C2 - GENERAL COMMERCIAL ZONE  
 C3 - LOCAL COMMERCIAL ZONE  
 M2 - GENERAL INDUSTRIAL ZONE  
 M3 - TRANSPORTATION INDUSTRIAL ZONE  
 SUBJECT LANDS ———

**Location Map -  
 Nashville Road**

APPLICANT: Lot 25, Concession 9  
 CITY OF VAUGHAN

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