



Government Relations Issues Update

Brownfield Redevelopment

TREB Key Message

Brownfield redevelopment makes sense; it optimizes use of existing infrastructure; reduces pressure on greenfield properties; and increases the municipal property assessment tax base, which reduces upward pressure on existing property taxes. All levels of government should review policies and taxes for opportunities to encourage the redevelopment of these properties.

Background

Brownfields are derelict or under-used industrial and commercial properties where redevelopment is complicated because the land may be environmentally contaminated. The contamination of the property raises liability concerns for the owner and lending institutions. Furthermore, the costs and planning approval process associated with the clean-up of these sites can make their redevelopment financially unviable.

Many of these properties also pose a problem for municipalities with regard to tax arrears. Often, the clean-up costs associated with these properties can be so high that the owners will allow their property taxes to go into arrears and the municipality to seize the property, resulting in potential liability concerns for the municipality as well.

Despite the challenges of redeveloping brownfields, they are often in desirable and strategic locations – in the heart of cities, on waterfronts, or near downtowns. Furthermore, they have the advantage of having infrastructure in place.

Approximately 860 acres, almost 30 percent of all industrial employment areas in Toronto, are brownfield sites. The City estimates that over 400 acres of this land are suitable for redevelopment. These sites include those that are already serviced, are greater than one acre in size, and that are either

currently vacant or available for industrial redevelopment, expansion, or conversion.

The largest concentration of brownfields in the GTA are located in the port lands of the Toronto waterfront area. The City has approved a waterfront redevelopment plan. Much of this plan's success depends on the ability to overcome obstacles to the redevelopment of the brownfields in this area.

An important step forward was taken when the provincial government passed the Brownfields Statute Law Amendment Act, 2001. This law is intended to address several of the obstacles associated with brownfield redevelopment, namely environmental liability, municipal planning requirements, and financing. Of particular interest from TREB's perspective is the authority that this legislation gives to municipalities to freeze or cancel the municipal portion of the property tax on contaminated sites during the rehabilitation of the property.

TREB has consistently lobbied for initiatives at the municipal level that will encourage the redevelopment of brownfields. Most recently, TREB supported aspects of the Greater Golden Horseshoe Growth Plan that facilitate brownfield redevelopment.

At the provincial level, the Ontario Real Estate Association supported the Brownfields Statute Law Amendment Act, 2001, although some recommendations to improve the legislation were provided. OREA is currently calling on the Province to create a new tax class that would allow municipalities to provide property tax reductions for brownfields under remediation.

At the federal level, the Canadian Real Estate Association has been actively lobbying for federal tax incentives that would help to encourage brownfield redevelopment.