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# Contenu archivé

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# RESIDENTIAL INTENSIFICATION CASE STUDIES

## Municipal Initiatives

### CONTAMINATED SITES GRANT PROGRAM

Cambridge, Ontario

#### SUMMARY

Grants of up to 100 per cent of restoration costs are provided for all new development on contaminated properties in the core areas (up to a maximum of \$1,500 per residential unit and/or \$10 per square metre of gross floor area).

**Date Implemented:** 1999, expanded in 2001

**Key Outcomes:** One project has been awarded a grant under the program, involving 82 townhouse units that have been constructed or are nearing completion. A further 138 apartment units are planned as a second phase of this project.

#### BACKGROUND

The City of Cambridge (part of the Regional Municipality of Waterloo) is a small but growing city about 100 km west of Toronto. It has three core areas (Galt, Preston and Hespeler), which correspond to the downtowns of the former city and towns that were amalgamated into the City of Cambridge in 1973.

Industrial activity played a prominent role in the history of the three core areas and a number of potential residential sites have been vacant for many years. In working with potential developers of these properties, staff realized that even with the City's willingness to write off past taxes, forgive development charges and offer tax rebates, a major impediment to the development of new residential uses remained. The costs associated with the removal of waste or contaminated materials, typically generated by past industrial uses, are enough to effectively make development unprofitable.

This issue was seen as standing in the way of a long-standing City objective, namely stimulating residential development in the core areas of the city as a key to economic revitalization. A staff recommendation to City Council in June 1999 resulted in the adoption and implementation of the Contaminated Sites Grant Program.

#### DESCRIPTION AND GOALS

Under the Contaminated Sites Grant Program, the City offers a grant to property owners for new development on a rehabilitated contaminated site in a core area.

The boundaries of the three core areas where the program applies are defined by the City's Official Plan. Figure 1 shows the target areas.

The original version of the program, adopted in 1999, targeted residential development and the grants covered 50 per cent of restoration costs up to a maximum of \$1,500 per residential unit. The grant can be used to cover any cost associated with the remediation or clean-up of a qualifying site, including labour, materials, and soil disposal or destruction of contaminants.



Figure 1: Cambridge's three core areas  
Source: City of Cambridge

In February 2001, Council approved the formation of the Brownfields Strategy Task Force that included representatives from Council, City staff and a wide range of community groups. The Task Force recommended revisions to the Contaminated Sites Grants Program to expand its scope. As a result, the program was changed in 2001 to include all types of development (e.g. residential, commercial, industrial, institutional) and to cover a maximum of 100 per cent of restoration costs within the existing cap of \$1,500 per residential unit or \$10 per square metre of gross floor area (as defined in the Zoning By-law) for non-residential developments.

Applicants to the program submit a completed application form after receiving their building permit. Applications have to include a confirmation that the site has been restored (e.g., a Record of Site Condition acknowledged by the Ontario Ministry of the Environment), and a confirmation of the cost of the restoration work (receipts, invoices, etc.) Successful

applicants receive payment from the City after approval of the final construction inspection by the City of Cambridge (i.e., when the building has cleared inspection and is ready for occupancy).

## COMPLEMENTARY POLICIES AND PROGRAMS

The Contaminated Sites Grant Program is one component of a comprehensive Core Areas Revitalization Program that also includes several other financial incentives for development and/or property maintenance in the core areas. This includes:

- **Exemption from Development Charges:** All properties in the Core Areas are exempt from paying City of Cambridge (since 1996) and Regional Municipality of Waterloo (since 1998) development charges on all new development(s) and renovations.
- **Development Application Fee Waiver:** New development proposals on restored sites in the core areas do not pay the application fees for applications under the Planning Act (e.g. Site Plan, Zone Change, Official Plan Amendment, Subdivision).
- **Building Permit Fee Exemption:** All new development (including renovations and additions) in the core areas is exempt from paying the building permit fee (since 1999).
- **Contaminated Sites Realty Tax Cancellation Policy:** Opportunity for potential purchasers of contaminated sites to cancel a portion of or all outstanding taxes (since 1998).
- **Realty Tax Rebate Program:** Three-year phased program that provides a rebate of a percentage of the City's portion of the increase in City property taxes as a result of property improvements. Applies to all property improvements that result in an increase in City property taxes in the core areas (since 1996).

The Contaminated Sites Grant Program and other aspects of the Cambridge Core Areas Revitalization Program are undertaken within the framework of a Community Improvement Plan (CIP). These are plans that are approved by the Province's Ministry of Municipal Affairs (MMA), and enable municipalities to provide financial incentives. Specifically, the Planning Act allows a municipality to make grants or loans to property owners to pay for all or a portion of the cost of rehabilitating lands and buildings. The objective

of new residential development in the core areas has been recognized in the City's CIPs, which also recognize that there may be a need to undertake site remediation as a specific means of community improvement.

Ontario's Brownfields Statute Law Amendment Act, 2001, is expected to streamline the planning, financial and administrative issues involved in setting up CIPs. In the past, for instance, only sites falling within a geographical CIP could be offered financial incentives. Under the new legislation, "criteria-based" CIPs will be permitted in order to address brownfields properties on a site-by-site basis. Furthermore, municipalities will be allowed to create most types of CIPs without the need for ministry approval, which will substantially simplify the process.

## STAKEHOLDER RESPONSE

The original grant program was part of a package of financial incentives developed by the Core Areas Revitalization Advisory Committee (CARAC). The committee advises City Council on matters related to the health of the three core areas. It is composed of representatives from City Council, the Chamber of Commerce, one representative from each of the Business Improvement Areas (BIA), the business community at large and citizens at large.

In February 2001, City Council approved the formation of a Brownfields Strategy Task Force with the purpose of developing strategies that facilitate the redevelopment of contaminated sites throughout the city. The task force was chaired by a City Councillor and included representatives from the development industry, financial institutions, remediation specialists, the provincial Ministry of the Environment, environmental groups, and City departments. The meetings of the Brownfields Strategy Task Force became the primary means of consultation on the grant program at that point.

The Task Force and CARAC supported the Contaminated Sites Grant Program. There was no opposition to the program and no objections were raised either in the meetings of the Task Force or of CARAC. The program was approved by Council during open Council meetings. The program is promoted through the City of Cambridge Financial Incentives Brochure and on the City of Cambridge Web site.

## IMPACT

There are ten projects at various stages in the planning approval process that have or may qualify for the program if they proceed to completion. Of these, six projects have a residential component for a total of 372 potential units.

To date, one project, called Wellington Square, has been approved for funding under the program. The site is located in the Galt City Centre across the street from the bus terminal and within walking distance of the main shopping area. Located on the site of a former foundry, the development represents the first residential infill project in that area since 1997. The first phase of the project was started in 2001 and 82 townhouse units have been constructed or are nearing completion. The second phase of 138 apartment units has not yet begun.

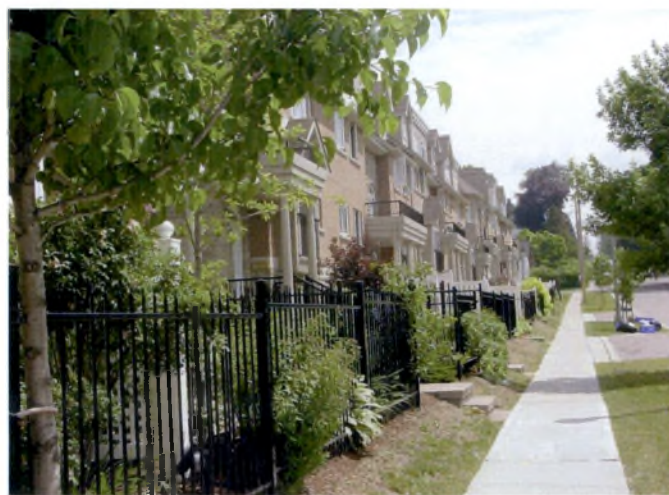


Figure 2: Wellington Square.  
Source: City of Cambridge

The project developer reports that the grant was a catalyst in his decision to undertake the project. He also made use of other City incentives programs including fee waivers for planning applications, and the waiver of the applicable development charges. The developer used the realty tax rebate program, which benefits the purchaser, to market his development.

## FINANCIAL ISSUES

Although considerable staff time was required to participate in the Brownfields Strategy Task Force, the operational costs of the program now that it is up and running are minimal. Less than 1 hour per week on average of staff time is dedicated to administering the program.

From the City's perspective, the only large cost involved in the program is the amount of the grant. An estimate of potential payouts is reviewed each year during budget deliberations based on the development approval status of potential projects.

This approach is made possible by the fact that most development projects that would qualify for the program take several months to complete, allowing time to allocate the appropriate amount of funds in advance.

For the Wellington Square project, a total of \$123,000 will be paid upon completion of the first phase of the project. This is the maximum payable under the program for a development of that size. In this case, the site clean-up costs (approximately \$1 million) exceeded the amount available from the grant program. However, the other incentives programs will result in further savings to the developer of about \$738,000 on the first phase of development.

The property tax rebate program will reduce taxes for the first three years after completion of the project, but then tax revenues of about \$2,250 per unit are expected to flow from this project, for a total of about \$184,500 per year.

If all eight projects that currently qualify for the program go ahead, the one-time potential payout by the City will be approximately \$750,000 for the Contaminated Sites Grants. However, the property tax base will be increased substantially with annual tax revenues for the 372 residential units estimated at about \$837,000.

## EVALUATION

The Wellington Square project has achieved all of the objectives set by the City when the program was originally formulated. An unsightly contaminated site is replaced with new residential construction that maximizes the use of existing infrastructure and services and helps sustain core area businesses. The property tax increase expected from this development far outweighs the City's financial contribution to the project.

Co-operation and agreement from all segments of the community made this program possible. It should be possible to adapt this program to other municipal settings where it is desirable to redevelop vacant or underused industrial areas but where financial incentives are required to make projects profitable.

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## REPORTS:

City of Cambridge. July 6, 1999. Staff Report.  
(on setting up the Contaminated Site Grant Program).

City of Cambridge. September 24, 2001. Staff Report.  
(on changes to the financial incentives package applied to core areas).

City of Cambridge. undated. Financial Incentives:  
Restore, Rebuild, Rejuvenate! (brochure describing  
the range of financial incentives available in the core  
areas of the city).

## WEB SITES:

[www.city.cambridge.on.ca](http://www.city.cambridge.on.ca)  
(City of Cambridge site)

[http://www.city.cambridge.on.ca/doc\\_detail.php?rdid=24](http://www.city.cambridge.on.ca/doc_detail.php?rdid=24)  
(information about the program and application form)

**OUR WEB SITE ADDRESS:** [www.cmhc.ca](http://www.cmhc.ca)

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