



CITY POLICY

POLICY NUMBER: C571

REFERENCE:

City Council
April 10, 2013

ADOPTED BY:

City Council

SUPERSEDES:

New

PREPARED BY: Sustainable Development

DATE: April 02, 2013

TITLE: **Brownfield Remediation and Redevelopment Support**

Policy Statements:

The City of Edmonton is committed to achieving sustainability. This includes support for brownfield remediation and redevelopment where it advances one or more municipal priorities including, but not limited to:

- a. Environmental restoration
- b. Neighbourhood revitalization
- c. Municipal financial sustainability
- d. Incorporation of existing City infrastructure
- e. Compact urban form

The City of Edmonton's support includes grant funding through the Brownfield Grant program to off set costs associated with the following remediation and redevelopment activities. Phase I, II and IV grants would be funded from a fixed annual budget. Phase III grants would be funded through municipal tax uplift resulting directly from the redevelopment impact of the site:

1. Phase I and II, including site testing and feasibility assessments for re-use;
2. Phase III being site remediation; and
3. Phase IV being interim use purposes.

The purpose of this policy is to:

Identify a civic commitment to support the remediation and redevelopment of Brownfield sites.

Establish a consistent framework for the selection, evaluation and approval of financial support for brownfield redevelopment sites.



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Sample Calculation of Municipal Tax Uplift

This attachment provides an example of a sample remediation grant application worksheet required for Phase III applications. Details of the proposed redevelopment, including social and environmental benefits and specifics regarding the proposed structure(s) are required. The Municipal Tax Uplift is calculated and when compared to the forecast remediation cost, indicates a projected grant value and timeline.

In this sample calculation, an applicant has proposed a brownfield redevelopment for consideration of the Brownfield Grant Program.

Once basic qualification elements are confirmed an exercise to project the municipal tax uplift resulting from the brownfield redevelopment is completed by Administration. Redevelopment details necessary for this calculation include but may not be limited to:

- Property size, location, neighbourhood
- Nature of redevelopment including number of units, type of units (for example, retail, residential), number of floors, size of units, parking stalls, projected unit sale price.
- Current municipal tax.
- Redevelopment timeline including completion dates for structure(s).
- Projected remediation costs

Additional economic benefits relating to net new employment and spinoff impacts should be included and quantified with assumptions.

The resulting detail will allow calculation of the projected municipal uplift. This may lead to approval of the project and an agreement with a maximum valuation no greater than 100% of remediation costs and duration no longer than six years. The projected lift in municipal taxes will be reviewed annually to confirm the amount of the increase if any and grant payments would occur each year only after the municipal taxes are confirmed and after the resolution to any challenges to property assessments. The baseline municipal tax value is determined by Administration at the outset of the agreement.

In this example, a proposed two tower, mixed use condo complex is examined. As a brownfield the property has municipal tax \$80,000 annually.

Based on the redevelopment details, the resulting new municipal tax upon completion of the first tower is \$533,000. Upon completion of the second tower the tax will be \$1.28 million.



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The project has an estimated \$2 million total remediation cost. This grant valuation at 100 percent would be \$2 million and repayment would occur over five year duration.

2014 construction- for simplicity assume no increase in municipal taxes

2015 construction – municipal tax increase \$10,000

2016 construction- municipal tax increase \$15,000

2017/Year 1 Tower 1 complete-Tower 2 underway- municipal tax increase \$453,000

2018/ Year 2 Tower 1 complete-Tower 2 complete - municipal tax increase \$1.2 million

2019/ Year 3 Tower 2 complete- municipal tax increase entire complex- \$1.2 million

2020/ Year 4 Tower 2 complete- municipal tax increase entire complex- \$1.2 million

2021/ Year 5 Tower 2 complete- municipal tax increase entire complex- \$1.2 million

Note that municipal tax uplift for one year may not be known until the following year and may not be payable until another year has passed. In this example, Year 1 payments begin in 2014 once all complaints/appeals are completed.

Sample Grant Agreement Timeline

Contract Years	2014	2015	2016	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Total
Property Tax	\$80,000*	\$80,000	\$90,000	\$95,000	\$533,000	\$1,280,000	\$1,280,000	\$1,280,000	\$5,918,000
Lift	n/a	\$ 10,000	\$ 15,000	\$453,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$5,253,000
Eligible Costs Incurred	\$1,000,000	\$1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,000,000
Calculation of Eligible Grant	\$ 0.00	\$ 10,000	\$ 15,000	\$453,000	\$1,200,000	\$322,000	\$000	\$0.00	\$2,000,000
Grant Payment - Timeline**				1st Payment	2nd Payment	3rd Payment	4th Payment	5th/Final Payment	
Grant Payment Value	\$0.00	\$0.00	\$0.00	\$ 10,000	\$ 15,000	453,000	\$ 1,200,000	322,000	\$ 2,000,000

* Baseline Municipal tax
 **assuming conditions to release the grants are all met by the year tax amount is finalized

This Policy is subject to any specific provisions of the Municipal Government Act or other relevant legislation or Union Agreement.