Innovative Redevelopment of Legacy Brownfield Properties in the City of Kingston

October 16, 2014
7 acres, 2km from downtown

$5,000
Outline

City Challenges

Infill and Urban Sprawl

Brownfield Program

Abandoned Properties

Failed Tax Sale Process
City Challenges

- Fiscal challenges
- Sprawl subsidy
- Infill challenges
- Legacy brownfield properties
- Opportunity in the risk
Urban Sprawl

“For thousands of years, cities and towns were built at a human scale. Even large cities were walkable. Then, within the span of two lifetimes, cities and towns were completely transformed. Instead of being built for people, they were being built for automobiles. They sprawled.”
- Sustainable Prosperity

“Calgary Mayor Naheed Nenshi has started calling these hidden costs the "sprawl subsidy."
- Sustainable Prosperity
Urban Sprawl

Not as cheap as you think. The hidden costs of sprawling development are paid by all Canadians.

Suburbs are growing 160% faster than city centres.

81% of Canadians live in cities, half of those 81% live in suburbs.

New suburbs cost cities more than denser urban developments.

But most cities charge developers a flat rate regardless.

Halifax’s potential savings, if urban core growth were encouraged: $2.5 billion.

Cost more in suburbs.

Roads, transit, pipes, waste pickup, sewage, etc. cost more in suburbs.

Solutions:

- Sustainable Prosperity
Opportunity

- Properties become less desirable to developers
- Devalue surrounding properties
- Collaboration with development community
- Slow down Urban Sprawl to promote Infill / Intensification
Where is Kingston

125,000 people

Toronto 2.5hrs

Montreal 2.5hrs

St. Lawrence

Sir John A. MacDonald

Project Area 1A

Project Area 1C

Urban Area

Project Area 1B
# Brownfield Program

## Brownfield Program

- Study Grant 2%
- Tax Cancel 10%
- Tax Rebate 88%

## Reimbursement

- 100%

## Level the field

- Compensation for remediation
- Hedge the risk

## City perspective

- Health and Safety
- Community use
- Taxes
Abandoned Properties (Legacy Properties)

- Municipal Act
- Provincial jurisdiction
- Tax Sale Cycle
- Remediation costs
- Highest and Best Use
- Value added strategy
**Tax Increment Example**

**AFTER** $3M development:
$40,000/year x 80%
$32,000

**BEFORE:**
5,000/year x 80%
$4,000

Tax increment
$28,000/year

Incentive is 80% of Increment $28,000/year
x 80%

Tax increment-based grant each year (80%)
$22,400/year

Total **Maximum Grant Available**
$22,400/year x 10 years =
$224,000
Tax Sale Cycle

1. **Tax Arrears >3 years**
2. **Tax Sale (6 mths)**
3. **No Bids = Failed Tax Sale**
4. **2 years to RFP & Vest**
5. **Repeat Tax Sale**
Decades of Abandonment
Failed Tax Sale Process

Legislation
- Vest to take title for city
- RFP vesting and transferring

Kingston RFP Process
- 3 smaller properties
- Cohen (metals)

Compensation
- Offsite liability?
- Cost to remediate?
- Zoning changes?
Failed Tax Sale Process

RFP Framework for municipal objectives for the lands

- Remediation Plan
- Redevelopment Plan
- Community Benefit
- Qualified developer (financial and experience)

Triple bottom line (WIN³)
Failed Tax Sale Process

Encourage sustainable approaches

Purchase Price for land; $5 - 10k

Qualified developers
  • Burtons
  • Cohen 7 acre 200,000ft2 of industrial - accelerator space
  • Railway - low cost commercial and industrial space

Remediation community
  - sustainable remediation solutions -
Success Stories

661 Montreal
Success Stories

176 Railway
Success Stories

2KM to City Core
Kingston Brownfield Performance

Brownfield Land Developed

Property Tax Increase from Brownfield Redevelopment
$5,000 for 7 acres downtown?!
Success Stories

$5,000 for 7 acres downtown? - YES

Cohen Metals
Thank you!
Questions?