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Environment and Sustainability Standing Committee March 1, 2012

TO: Chair and Members of Environment and Sustainability Standing

Committee

SUBMITTED BY:

Peter Stickings, Acting Director, Planning & Infrastructure

DATE: December 6, 2011

SUBJECT: Conceptual Brownfield Incentives: Gas Stations

ORIGIN

• Motion, August 4, 2011, Environment and Sustainability Standing Committee: Brownfields

• Motion, November 15, 2011, Environment and Sustainability Standing Committee: Brownfields

RECOMMENDATION

It is recommended that the Environment and Sustainability Standing Committee forward this report to Regional Council with a recommendation that Halifax Regional Council:

- 1. Request the Mayor to send a letter to the Minister of Service Nova Scotia and Municipal Relations urging that the 2009 requested Legislative Amendment respecting Density Bonusing be expedited;
- 2. Request the Mayor to send a letter to the Minister of Environment urging that the efforts to complete the Environmental Goals and Sustainable Prosperity Act commitment of developing tools to stimulate redevelopment of contaminated land be expedited; and
- 3. Direct staff to examine the solutions required to expedite redevelopment projects in the Regional Centre, specifically related to the increase in housing requirements related to the Ship Building Contract.

BACKGROUND

Motion:

That the Environment and Sustainability Standing Committee direct staff to:

- 1. Conduct a more comprehensive best practices review of the Canadian Municipal Brownfield Incentive Programs, and return to the Environment and Sustainability Standing Committee with a report; and
- 2. Specifically related to former gas stations: perform a financial analysis, and draft a potential policy for consideration, where HRM would offer a property owner tax holiday or reprieve to incent the prompt demolition/removal of gas station infrastructure and property remediation. This analysis should include the analysis of the cost of the tax holiday versus the future value of the potential increase in commercial or property tax from the reinvested and recapitalized property.

As per the 2002 study Brownfield Sites, An Options Paper for the Halifax Regional Municipality (in support of the development of Regional Plan), supporting Brownfield Redevelopment provides economic, social and environmental benefits to the municipality. (http://www.halifax.ca/regionalplanning/publications/documents/BrownfieldSitesStudy.pdf). This report provides a conceptual framework for the type of incentives that may support brownfield redevelopment.

In the 2011 – 2016 Halifax Regional Municipality (HRM) Economic Strategy, AGREATERHalifax, one of the short term actions which HRM is responsible for is "Adopt incentives to encourage development of privately owned and vacant and underutilized land in the Regional Centre". This concept squarely fits that responsibility.

DISCUSSION

Direction #1: Conduct a more comprehensive best practices review of the Canadian Municipal Brownfield Incentive Programs, and return to the Environment and Sustainability Standing Committee with a report:

There are a variety of municipal and provincial Brownfield Redevelopment Incentive programs in Canada.

Province of Ontario: (http://www.mah.gov.on.ca/Page223.aspx)

The Province of Ontario offers an incentive program that brings support from both the municipal and provincial government. The Brownfields Financial Tax Incentive Program (BFTIP) is an initiative of the government of Ontario to encourage the clean up and redevelopment of brownfield properties. It will match municipal property tax assistance for clean up projects through a reduction in the education tax collected from the participating municipalities.

The lead for the incentive is the municipalities.

A good municipal example under the Ontario framework is Waterloo:

http://www.regionofwaterloo.ca/en/doingBusiness/resources/BrownfieldsBrochureAug2010.pdf Funding is 100% of the difference between the Regional and Area Municipal portion of property taxes prior to and after redevelopment (the Tax Increment), less any previous brownfield financial assistance received for the site. Tax Increment Grants are made after the Municipal Property Assessment Corporation (MPAC) reassessment of the site, and may last for up to ten years or until the maximum eligible costs have been recouped.

Province of British Columbia: (www.brownfieldrenewal.gov.bc.ca)

In British Columbia, the Provincial government is the lead for brownfield renewal and offers developers and municipalities a range of incentives to encourage the clean up and redevelopment of brownfield properties.

There are a variety of other programs across the country but these provide the simplest and best examples. Currently, neither HRM nor the Province of Nova Scotia offers any incentive programs of any comparability to the development community.

Development of Opportunity Sites is an objective of the Regional Plan. Redevelopment of underutilized property is economically, environmentally, and socially sound. The cost to remediate these types of properties ranges from the thousands to hundreds of thousands of dollars. Currently, in HRM and Nova Scotia, with no incentive or requirement to quickly remediate vacant or underutilized land, many property owners have chosen to leave the land as is.

The Benefits of Brownfield Redevelopment

- increased tax assessment;
- new employment opportunities;
- more cost effective to utilize existing infrastructure, resulting in a reduction of urban sprawl and its related costs (hard and soft services);
- contribution toward the revitalization of particular areas and neighborhoods;
- environmental restoration which can remove threats to health of workers and residents;
- the redevelopment of land within the urban centres can kick-start other urban renewal and development projects;
- development will avoid the orphan site situation and ensure that taxes are paid;
- residential intensification will avoid the need to expand urban boundaries which sometimes consumes valued resources such as agricultural land or areas of environmental significance; and
- populating urban centres can bring vitality and safety to an otherwise vacant and derelict area.

Development Community

Coincidentally, during the staff assembly of this report, the Chronicle Herald reported on January 4, 2012, that Banc Properties had optioned four properties from Ultramar which would result in \$100 million of redevelopment. On January 5, 2012, staff met with Mr. Besim Halef to discuss how the municipality could incent such desired redevelopment. Summarily, the input was:

- 1. HRM could help by addressing Development Approval timelines. His current expectation is a 1.5 to 2 year timeline and feels that 6 months is reasonable. If he had that timeline, construction would be completed within 2 years;
- 2. HRM could help with Density Bonusing; and
- 3. The tax holiday incentive is enticing for some of these and other gas station properties. HRM would realize a payback from the increased taxable assessment within a few years.

It should be noted that the insight from the developer was very helpful in truly understanding the opportunities the municipality is looking at. The insight also supports previous approved policy direction (i.e. HRMbyDesign, Economic Strategy). Following the meeting, a summary was provided to the lead of the staff Economic Prosperity Outcome Area team. The input was consistent with the principles behind the 2012 to 2016 A Greater Halifax Economic Strategy.

Attachment 1 shows a listing of Gas Stations in 1982 and 2012 (determined by review of Yellow Pages):

- From the total of 74 sites, 44 are no longer Gas Stations;
- Of the 44 sites, 21 have gone thru a substantial redevelopment;
- 23 sites could be reasonably described as underutilized; and
- The Current Assessment of those 23 sites is approx. \$4.5 million, with current taxes at \$171,000.

Attachment 2 is a Map of the listed Gas Stations.

Attachment 3 shows pictures of various sites not redeveloped since 1982 and no longer offering fuel.

Province of Nova Scotia

This work aligns very well with Provincial priorities around the Environmental Goals and Sustainable Prosperity Act (EGSPA). One of the goals is "building our economy by renewing our land" and the objective is to develop regulatory tools to stimulate redevelopment of contaminated lands. There is a multitude of ways that this sort of incentive program can be restricted, offered, enhanced. The programs in Ontario and British Columbia provides guidance to a feasible solution. It is anticipated that development of a program has high alignment with the Provincial Priorities around both economy and environment. According to the 2011 EGSPA Report Card, these Regulations should be provided soon.

Financial Analysis of a Tax Holiday Incentive

Due to staff capacity, this analysis has not been completed at this time. However, based on the feedback from the development community there are tools that HRM can work on immediately:

- 1. Expediting the density bonusing legislative amendment request; and
- 2. Examining opportunities to improve development permit timelines.

Where both these recommendations are consistent with work unfolding in the HRM Economic Strategy and Regional Centre planning activities, and provide substantial value in the redevelopment of such properties, staff is recommending the three actions in this report.

Atlantic RBCA Guidelines (www.atlanticrbca.com)

Risk Based Corrective Action (RBCA - pronounced "Rebecca") refers to a new philosophy for managing contaminant release sites. With this new approach, the amount of environmental management required to ensure protection of human health and the environment, is based on a scientific assessment of the risks posed by the contaminants, both now and in the future.

Environmental management always considers the risks of contaminants on a site. RBCA also considers the likelihood that people or environmental resources could be harmed by the contaminant. It achieves this by looking at the characteristics of the site such as the type of soil, the location of water on the site and how the land is likely to be used in coming years. RBCA's clean up goals are based on reducing risks to low, acceptable levels. This may be achieved by reduction of contaminant concentrations and it may also involve reducing the potential for exposure.

An industrial site destined for redevelopment as a playground, would require more stringent environmental management than if it were continuing in industrial use, where children do not play and workers protect themselves from exposure to substances. At some sites, it is not possible or practical to remove substances due to technological, physical or financial constraints. The risk-based approach allows the risks associated with leaving substances in place to be estimated. This information is then used to design appropriate risk management solutions to manage contaminants onsite and eliminate risks or reduce them to appropriate levels.

Previously, an industrial site would have to be cleaned to very low, background-level criteria by reducing the amount of contamination present. This would be true even if the land was remaining in industrial use. To confuse matters more, different jurisdictions could set different criteria for the clean-up.

RBCA sets the stage for effective and efficient clean-ups. The advantages of using RBCA include the following:

- Permits rapid response to critical levels of contamination;
- Documents the substances at a site, their location and their extent on and offsite;
- Estimates the size and likelihood of risks and hazards to human and non-human receptors;

• Documents and evaluates the effectiveness of measures proposed to manage contamination in place;

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- Targets clean-up levels that are based on current and future use;
- Provides options in appropriate remedial measures;
- Allows property owners to allocate environmental resources more effectively;
- Offers consistency in determining clean-up levels within and between jurisdictions;
 and
- Results in fewer sites being fenced off and abandoned.

Currently, despite clean-up projects meeting the protocol, property sales and development may be delayed as a result of delays that property owners have in securing Environmental approvals required for financing and insurance. With the clean-ups being executed to RBCA protocol, those delays are not reasonable and a barrier to economic development.

Density Bonusing

As per the recent Information Report on Legislative Requests (http://www.halifax.ca/boardscom/swrac/documents/InfoReportLegislativeRequestsStrategy.pdf, "Bonus Zoning".

Having the ability to grant bonus zoning throughout the entire municipality is imperative to addressing issues of affordability and beautification needed to attract people. Bonus zoning is the ability to grant extra density to developers in return for a public benefit to their site – for example, a set number of units reserved for affordable housing or green space reserved for resident/public use. These kinds of mixed use developments are required to build the kind of integrated communities that attract people and businesses. However, currently only the downtown Halifax core is permitted to undertake bonus zoning. HRM wishes to put the entire municipality on a level playing field regarding planning and development regulations by extending bonus zoning throughout the municipality, allowing each area the opportunity to create green, attractive communities."

Expediting Redevelopment in Regional Centre

A consistent theme in the recent Capital Ideas Paper, Economic Strategy and revised Regional Plan Review, is the question on how to expedite development and redevelopment in the Regional Centre. This theme is reinforced with Mr. Halef's \$100 million proposed development and priority: development approval timelines.

BUDGET IMPLICATIONS

There are no budget implications at this time. However, Brownfield Economic Development presents substantial potential tax revenue opportunities to the municipality.

Community Council Report

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

Staff met with a Developer that is involved with relevant activities.

ALTERNATIVES

The Committee, or Regional Council, may choose to not progress with the development of a Brownfield Redevelopment incentive. This is not recommended by staff.

ATTACHMENTS

- 1) Listing of gas stations 1982 and 2012
- 2) Map of gas stations 1982 and 2012
- 3) Pictures of some of the non-operated 1982 stations

A copy of this report can be obtained online at http://www.halifax.ca/commcoun/cc.html then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Richard MacLellan, Manager, Energy and Environment, 490-6056

Financial Approval by:

Greg Keefe, Acting Director of Finance/CFO, 490-6308

RP+5 Inventory of Regional Centre Gas Fuelling Station Locations in 1982 vs to Present

ID No.	PID	Civic No.	Stroot	Street	Area	Station Name	Year(s) Active	Current	
ID NO.	PID	CIVIC NO.	Street	Type	Alea	Station Name	real (S) Active	Assessment	Current Use
35	140020	6017	QUINPOOL	RD	HALIFAX	Willow Tree Gulf	1982	n/a	Redeveloped
60	45823	95	WYSE	RD	DARTMOUTH	Wyse Rd Texaco	1982	n/a	Redeveloped
62	40880809	271	PRINCE ALBERT	RD	DARTMOUTH	Len Currie Irving Service Stn	1982	n/a	Redeveloped
65	41262783	109	OCHTERLONEY	ST	DARTMOUTH	Bob's Shell Service	1982	n/a	Redeveloped
66	41262783	119	OCHTERLONEY	ST	DARTMOUTH	Al Vickers Service Stn	1982	n/a	Redeveloped
8	152975	3275	KEMPT	RD	HALIFAX	Kempt Rd Irving	1982	\$34,200	Budget Rent a Car
55	67371	186	WINDMILL	RD	DARTMOUTH	Ron's General repair	1982		Vacant Lot
67	128454		OCHTERLONEY	ST	DARTMOUTH	Johnson's Service Stn	1982	122,900	Parking Lot / Garage
53	97261		WINDMILL	RD	DARTMOUTH	Harry's Irving Serv	1982		Empty Lot
52	80457		WINDMILL	RD	DARTMOUTH	Windmill Gulf	1982		Auto Repair Shop
49	63164		WINDMILL	RD	DARTMOUTH	Demone's Esso Service	1982		Empty Lot
71	210450		PORTLAND	ST	DARTMOUTH	Norm's Irving Service Stn	1982		Auto Repair Shop
17	40429581		OXFORD	ST	HALIFAX	Don Herman's Texaco	1982		Empty Lot
58	44255		WYSE	RD	DARTMOUTH	PetroCanada	1982		Empty Lot
61	40719155		THISTLE	ST	DARTMOUTH	O'Regan's Motos Ltd	1982		Empty Lot
44	103754		GREEN	ST	HALIFAX	Jerry's Service Station	1982		Parking Lot
32	22459		QUINPOOL	RD	HALIFAX	Tom's Auto Service	1982		Parking Lot
63	112813		PRINCE ALBERT	RD	DARTMOUTH	Carroll's Texaco	1982		Empty Lot
12	160598		ROBIE	ST	HALIFAX	Bayers Service Station	1982		Empty Lot (one of
4	40381485		DUFFUS	ST	HALIFAX	Leslie's Service Station	1982		Auto Repair Shop
18	123919		WINDSOR	ST	HALIFAX	Murphy Bas	1982		Lawn Mower Repair
27	158048		NORTH PARK	ST	HALIFAX	PetroCanada	1982		Auto Repair
56	44784		WYSE	RD	DARTMOUTH	Hershey's Shell Station	1982		New Retail Store
3	86819		NOVALEA	DR	HALIFAX	North End Texaco Service Stn	1982		Redeveloped
25	40260648		CHEBUCTO	RD	HALIFAX	Bill Demont's Service Station	1982		Convenience Store
48	63131		WINDMILL	RD	DARTMOUTH	Greenwood Albert & Sons	1982		Vacant Lot
2	19455		LADY HAMMOND	RD	HALIFAX	McLearn's Gulf Stn	1982		Car Wash
					HALIFAX				
34	177121		QUINPOOL	RD		Kings Esso Service	1982		Empty Lot
9	131805		KAYE	ST	HALIFAX	MacIntyre's Shell Serv Stn	1982		Redeveloped Retail
22	133124		WINDSOR	ST	HALIFAX	Vital Centre Maritimes	1982		Redeveloped Retail
57	40339160		WYSE	RD	DARTMOUTH	Ray&Jack's Garage	1982		Redeveloped Retail
46	142620		BARRINGTON	ST	HALIFAX	Todd Harold	1982		Redeveloped Retail
19	41043738	2682		ST	HALIFAX	AAMCO Transmissions	1982		Redeveloped Retail
10	127134		KAYE	ST	HALIFAX	Rent-A-Wreck Esso Service Stn	1982		Redeveloped Retail
39	41036096		GRANVILLE	ST	HALIFAX	Dave Herman's Texpark	1982		To be Redeveloped
40	77891		SPRING GARDEN	RD	HALIFAX	Campbell's Esso Serv Stn	1982		Redeveloped Retail
38	125872		SACKVILLE	ST	HALIFAX	Wade Bros Service Stn	1982		Redeveloped Retail
42	41030727		SOUTH	ST	HALIFAX	South Street Irving	1982		Redeveloped Retail
37	2121		DUKE	ST	HALIFAX	Scotia Square Service Ltd	1982	115,382,600	
14	17681		MUMFORD	RD	HALIFAX	Joe Duggan's Service Centre	1982	138,293,000	Redeveloped Retail
28	41171166		BARRINGTON	ST	HALIFAX	Tom McDonnell's Downtown Garage	1982		Redeveloped Retail
29	41171166		BRUNSWICK	ST	HALIFAX	Carvery's Service Centre	1982		Redeveloped Retail
69	230912		PORTLAND	ST	DARTMOUTH	Portland St Esso	1982		Redeveloped Retail
70	220947		PORTLAND	ST	DARTMOUTH	PetroCanada	1982-2011	127,000	
20	169110		ROBIE	ST	HALIFAX	Robie&North Shell Auto Centre	1982-2011	403,900	
51	38810		VICTORIA	RD	DARTMOUTH	PetroCanada	1982-2011	422,800	
16	58776		BAYERS	RD	HALIFAX	Faulkner's Esso Service	1982-2011	525,300	
24	21006		CHEBUCTO	RD	HALIFAX	Ken Butler Texaco	1982-2011	526,300	
7	182451		BAYERS	RD	HALIFAX	PetroCanada	1982-2011	540,100	
73	246090		PLEASANT	ST	DARTMOUTH	Woodside Texaco	1982-2011	708,700	
5	00180711		JOSEPH HOWE	DR	HALIFAX	PetroCanada	1982-2011	\$498,500	
11	40721870		YOUNG	ST	HALIFAX	Young Street Tiger Express Esso	1982-2011	2,193,000	
13	161307		GOTTINGEN	ST	HALIFAX	Northend Ultramar	1982-2011	341,600	
15	58768		BAYERS	RD	HALIFAX	Canadian Tire Gas Bar	1982-2011	599,800	
31	21626		QUINPOOL	RD	HALIFAX	Quinpool Rd Irving	1982-2011	466,400	
33	24760		QUINPOOL	RD	HALIFAX	PetroCanada	1982-2011	904,900	
43	142455		BARRINGTON	ST	HALIFAX	Refuel Gas Bar	1982-2011	985,800	
45	142497		INGLIS	ST	HALIFAX	Ultramar Corner Store	1982-2011	565,300	
50	91686		WINDMILL	RD	DARTMOUTH	Wilsons	1982-2011	\$359,700	
54	39198		VICTORIA	RD	DARTMOUTH	Ultramar Corner Store	1982-2011	273,700	
64	136218		PRINCE ALBERT	RD	DARTMOUTH	Shell	1982-2011	296,900	
68	230912		OCHTERLONEY	ST	DARTMOUTH	Octerloney Street Esso	1982-2011	482,200	
72	245712		PLEASANT	ST	DARTMOUTH	Coast Gas	1982-2011	109,600	
1	19612	3825	MACKINTOSH	ST	HALIFAX	HRM Fuelling Site	2011	4,424,100	
6	00181446	3627	JOSEPH HOWE	DR	HALIFAX	Atlantic Super Store Self Serve	2011	569,700	
21	169128	2616	ROBIE	ST	HALIFAX	Shell	2011	485,000	
23	147660	2499	ROBIE	ST	HALIFAX	Robie St Irving	2011	1,374,500	
30	174524	7151	CHEBUCTO	RD	HALIFAX	Rotary Esso	2011	511,700	
36	2055	1975	GOTTINGEN	ST	HALIFAX	HRM Fuelling Site	2011	6,753,800	
59	40762080	116	WYSE	RD	DARTMOUTH	Wyse Road Esso	2011	1,043,400	
74	41228636	390	PLEASANT	ST	DARTMOUTH	Shell	2011	364,600	

\$2,869,800 773,500 521,900 \$4,165,200

















































