

# Stimulating Development on Underutilized Sites In Downtown Red Deer

Standalone Deliverable: Phase 1, Focus Area 3  
Downtown Red Deer's Investment Attraction Plan



February 9, 2016



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# 1.0 Introduction

## 1.1 Purpose

MDB Insight was retained by the City of Red Deer and the Downtown Business Association (DBA) to complete Downtown Red Deer's Investment Attraction Plan (IAP) for the Downtown<sup>1</sup>. The purpose of this Action Plan is to provide actions that the City should take to remove barriers to development and enhanced vibrancy in downtown. The IAP examines three key areas of focus:

- Business Targeting and Marketing Action Plan (Phase 1, Focus Area 1 deliverable);
- Parking infrastructure (Phase 1, Focus Area 2 deliverable); and,
- Underutilized sites (Phase 1, Focus Area 3 deliverable).

RCI Consulting was retained as a sub-consultant to prepare a report on stimulating development on underutilized sites in Downtown Red Deer.

## 1.2 Methodology

A number of tasks were undertaken to prepare this report. These include:

- A review of the rationale for, and impediments to, downtown revitalization;
- A review of the legislative framework in Alberta as it relates to the promotion of brownfield redevelopment and development of other underutilized sites ;
- A comprehensive review of relevant background City policy documents and other studies that guide and influence development on underutilized sites in the Downtown;
- A walking and driving tour of the Downtown with City staff noting vacant and underutilized sites;
- A review of best municipal practices designed to stimulate development on underutilized sites in downtowns; and,
- Workshops held with key downtown stakeholders and City Council to obtain input on the techniques and programs the City can use to stimulate development on underutilized sites in the downtown.

N.B. An inventory of underutilized sites in Downtown Red Deer known as the "Investment Opportunities Inventory (IOI)" was prepared as part of the IAP. This Inventory has been published under separate cover.

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<sup>1</sup> The terms "Greater Downtown", "Downtown" and "downtown" are used interchangeably in this report to refer to the area shown in Figure 3 of the Greater Downtown Action Plan 2008 Update (see Appendix A)

## 1.3 Report Content

This Report is divided into the following sections:

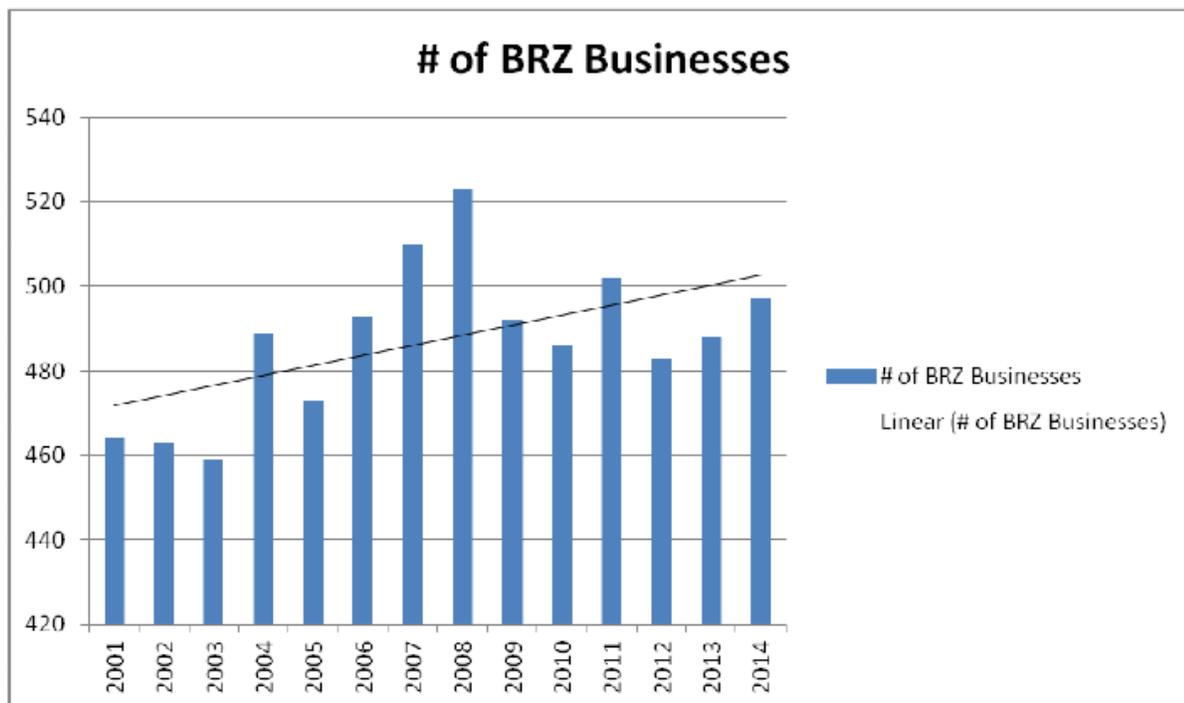
- Section 2.0 discussed the rationale for, and impediments to, downtown revitalization.
- Section 3.0 examines the legislative framework around brownfields and development of underutilized sites.
- Section 4.0 contains a review of the key City strategies, policies, plans and other studies that guide and influence development on underutilized sites in the Downtown.
- Section 5.0 contains a summary of the best practices used by a number of municipalities in Alberta and elsewhere in Canada and the United States to promote the development of underutilized downtowns sites, including brownfields and greyfields.
- Section 6.0 presents a summary of the consultation undertaken with key stakeholders and Council.
- Section 7.0 contains a series of recommended strategies designed to help the City stimulate development on underutilized sites in Downtown.

## 2.0 Why Invest in Downtown Revitalization?

### 2.1 Recent Trends in Downtown Red Deer

As of 2014, there were just under 500 businesses (497) in the Downtown Business Revitalization Zone (BRZ).<sup>2</sup> See Appendix A for a map showing the boundaries of the BRZ. As shown in Figure 1 below, the number of business within the BRZ has generally held steady over the last 10 years. There was an increase between 2006 and 2008, peaking at 523 businesses in 2008, but the number of businesses in the Downtown has decreased by around 5% since its peak in 2008. Note that this reflects only the number of businesses in the BRZ and does not reflect the size of these businesses.

**Figure 1** Number of Businesses in the Downtown Business Revitalization Zone



Source: City of Red Deer Greater Downtown Action Plan Steering Committee Meeting, February 27, 2014, Item No. 4.1, Preliminary Data Overview

As of the beginning of 2015, there was 2,126,278 sq. ft. of leased space in the Downtown BRZ. While the amount of leased space in the Downtown BRZ increased by approximately 10% between 2010 and 2014 (200,000 sq.ft.), the amount of leased space BRZ decreased by approximately 52,500 sq.ft. (2.5%) from 2014 to 2015<sup>3</sup>. The total assessment base in the Downtown BRZ was approximately \$30, 915,900 at the beginning of 2015. While the total

<sup>2</sup> City of Red Deer Greater Downtown Action Plan Steering Committee Meeting, February 27, 2014, Item No. 4.1, Preliminary Data Overview.

<sup>3</sup> Source: City of Red Deer.

assessment base increased on average by 5.6% annually between 2011 and 2014, it decreased by almost \$600,000 (1.9%) between 2014 and 2015<sup>3</sup>. While this one year decrease in leased space and assessment value in the Downtown could be dismissed as a short term trend, it is prudent to monitor this trend, especially when viewed in light of other current physical, economic and social conditions in the Downtown.

## **2.2 Rationale for Downtown Revitalization**

There are myriad reasons why a municipality should seek to revitalize its downtown. A city's downtown is literally the "heart" of the municipality and very often a symbol of the community's economic health, quality of life, civic pride and heritage. Downtown Red Deer plays a multi-purpose role functioning as the business, administrative and cultural centre of both Red Deer and the surrounding region. Therefore, if Downtown Red Deer is not physically and economically healthy and vibrant, then all of these important community functions suffer, and this can negatively impact the entire municipality and even the surrounding region.

Red Deer has approximately 2 million square feet of office space and over 75% of that office space (approximately 1.5 million square feet) is concentrated in the Downtown<sup>4</sup>. The Downtown contains significant levels of employment, a wide range of businesses, and produces significant property taxes from its assessment base. Revitalizing Downtown Red Deer and promoting development on underutilized sites will help to protect and increase the number of businesses and jobs and the property tax revenues generated in the Downtown. Also, a healthy and prosperous downtown core increases all property values in the core and helps protect property values in surrounding residential and mixed use neighbourhoods.

The Downtown, like any other fully serviced area in the city, can also be viewed from a property tax revenue generating perspective as a "community investment". Infrastructure servicing has been installed and paid for in the Downtown area. A wide range of soft services are also provided by the City in the Downtown. Therefore, underutilized properties in the Greater Downtown represent less than optimal returns to the City in terms of property tax revenues and other revenues such as building permits, business licenses, and spin off revenues to the City related to employment and residential growth on these sites. Therefore, it is imperative that the City do all it can to promote revitalization and the development of underutilized sites in its Downtown in order to maximize its return on the investment it has made in both hard and soft services in this area.

Downtowns are good locations for new small businesses and independent locally-owned businesses. These businesses tend to keep their profits in the community and help sustain local residents and support local community organizations and projects. Increasing the number of independent locally-owned businesses in the Downtown may also help to insulate the

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<sup>4</sup> City of Red Deer Economic Development Strategy, p. 128; City of Red Deer Commercial Market Opportunities Study, p. 52.

Downtown and Red Deer economy from the economic impacts of cyclical downturns in the oil and gas industry.

A healthy downtown area that accommodates and welcomes adaptive reuse, infill, and intensification projects reduces urban sprawl pressures (and the costs and environmental impacts associated with urban sprawl). Again, this makes more productive use of community resources such as infrastructure.

Finally, an active downtown serves an important civic function as a gathering place for members of the community. Downtown civic institutions, events, celebrations and other special public events reinforce an intangible yet important and enduring sense of community belonging and pride.

A recent study by the Canadian Urban Institute (CUI) titled *The Value of Investing in Downtowns*<sup>5</sup> examined 10 Canadian downtowns (Halifax, Fredericton, Ottawa, Toronto, London, Winnipeg, Saskatoon, Edmonton, Vancouver and Victoria) to assess changes in attitudes, perceptions, functionality and performance over time. This study echoed many of the reasons outlined above as the rationale for downtown revitalization efforts. Furthermore, the CUI study noted that downtowns:

- Are increasingly attracting educational institutions;
- Are making a major contribution to the bottom line of municipalities;
- Contain the City's key heritage assets;
- Are inherently mixed use and increase the diversity of activity; and,
- Are good places to encourage walkability and transit use.

Ultimately, the rationale for municipal efforts to revitalize their downtowns can be summarized in the response to one question: how many attractive, vibrant and healthy cities have an unattractive and underutilized downtown? The answer to this question points the way to the City of Red Deer doing all it can to promote the revitalization of its Downtown.

### **2.3 Impediments to Downtown Revitalization**

There are a number of typical impediments to downtown revitalization<sup>6</sup>. Some of these, such as general market conditions and market demand are essentially beyond the City's control, while others, such as municipal policies, can be impacted by the City.

General market conditions can certainly have a positive or negative impact on downtown revitalization efforts through factors such as demand for commercial and residential space. For example, the number of businesses in the Downtown Red Deer BRZ declined for several years after the recession of 2008, and has still not reached pre-recession levels. While a municipality

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<sup>5</sup> Canadian Urban Institute, 2012.

<sup>6</sup> Grundberg, J.S. (2012).

can do little to alter the course of prevailing provincial, national and global economic trends, it can adopt a long-term strategy of economic diversification to temper the effects of economic cycles. As will be discussed in Section 4.0 of this report, the City of Red Deer has adopted an Economic Development Strategy that has as one of its main goals the diversification of the local economy. Furthermore, a municipality can focus on overcoming the impediments it can impact in order to provide its downtown with locational attributes that will help its downtown successfully weather negative market conditions and take advantage of positive market conditions.

Existing conditions and vacancy rates in a downtown can have a significant impact on small business investment decisions. Issues such as poor building maintenance, deteriorated buildings and facades, lack of new commercial, residential and mixed use development, and social issues such as crime and panhandling, can have a negative impact on the investment decisions of existing business and property owners and residents, other business owners, entrepreneurs, developers and residents considering a downtown location.

Fragmented ownership is another impediment to efforts to promote development in downtowns. This impediment was in evidence in Red Deer during the tour of the Downtown. It was noted that a number of small adjacent properties, many of them parking lots, are in different ownership. If combined, these properties could form larger attractive development sites. However, assembly of these properties may prove difficult. Therefore, there may be a long-term role for the City of Red Deer's land banking program in acquiring and assembling these individual properties to form larger development sites.

As noted in the City's Economic Development Strategy<sup>7</sup>, Downtown Red Deer is competing with other downtowns in Alberta, such as Calgary and Edmonton, to attract business investment and development. Therefore, a lack of awareness of the development opportunities in Downtown Red Deer on the part of the business, commercial realtors, and the investment and development community would act as an impediment to revitalization of Downtown Red Deer. This potential impediment may be of particular concern in Red Deer because it is smaller than Calgary and Edmonton, and therefore, development opportunities in Red Deer may be overlooked by some business and development interests who are also considering Calgary and Edmonton. Overcoming this impediment may require additional leadership and resources on the part of the City, such as the Investment Opportunities Inventory (IOI) that was prepared as part of Downtown Red Deer's IAP and ongoing efforts to promote and market the city, such as the recent community identity-oriented webpage, [uncoverreddeer.ca](http://uncoverreddeer.ca).

As described in Section 4.0 of this report, one of the key goals of the Municipal Development Plan, Economic Development Strategy and the Greater Downtown Action Plan is to increase higher density residential development and infill development in the Greater Downtown. The Greater Downtown Action Plan stresses the need for public education around the principles of higher density urban living and the importance of urban design. Densification is now a well-

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<sup>7</sup> City of Red Deer Economic Development Strategy, p. 23.

accepted concept and many cities are actively encouraging higher densities through changes to zoning (with stronger design controls and amenity requirements) and adopting bylaws to support this concept<sup>8</sup>.

There are certainly a number of vacant lots in the Downtown Red Deer that could accommodate denser residential and mixed use infill developments. However, community attitudes and neighbourhood concerns and opposition can act as an impediment to this type of downtown revitalization. Convincing local residents to be supportive of change can be an arduous task. The fear of increased traffic levels, height of buildings and generalized devaluation of their property can be found with numerous intensification projects. Fortunately, because Downtown Red Deer is dominated by commercial buildings and there are currently only 1,300 occupied residential units in Red Deer's Historic Downtown, with 86% of those dwelling units in apartment buildings with more than two storeys<sup>9</sup>, public opposition to densification may not be as significant as it is in other downtowns where there is a higher proportion of existing residential uses.

Regardless of municipal location in Canada, the municipal planning approvals process can sometimes generally be viewed as an impediment to downtown revitalization. Infill development projects in a built up downtown setting are certainly more complex and often require more planning review and oversight than development on greenfield sites. That is why flexibility in municipal development plans and land use bylaw standards is important for downtown development projects. For example, minimum parking standards are often cited as an impediment to downtown redevelopment projects<sup>10</sup>. A recent study of redevelopment in Edmonton found a greyfield redevelopment project that failed largely because of community opposition to the developer's request for relaxation of the minimum parking standards<sup>11</sup>.

Review of the policies in Red Deer's Municipal Development Plan and the standards in the City's Land Use Bylaw found them to be fairly supportive of densification in Downtown Red Deer. However, as noted in the Greater Downtown Action Plan, a detailed review of land use and zoning in the area covered by the C1 District should be undertaken to identify and adopt changes that could help stimulate high density, high quality development in the Downtown.

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<sup>8</sup> City of Red Deer Greater Downtown Action Plan Update, p.99.

<sup>9</sup> Statistics Canada. 2011.

<sup>10</sup> Onishenko, D. 2012. Page 67.

<sup>11</sup> Ibid.

## 2.4 Brownfields and Greyfields

A number of the properties in Red Deer's Downtown are brownfields and greyfields. "Brownfields" are abandoned, vacant, derelict or underutilized commercial and industrial properties where past actions have resulted in actual or perceived contamination and where there is an active potential for redevelopment<sup>12</sup>.

Some brownfields can be remediated and redeveloped without incentives. These brownfield sites are usually in very good locations in areas of high market demand and have low to moderate remediation costs. These brownfield sites are typically known as "positive cash value sites" because the clean value of the land exceeds the cost of remediation. The real estate market deals efficiently with positive cash value sites as developers seek out and redevelop such sites. However, most brownfield sites are either "neutral or negative cash value sites". These are sites where the clean value of the land approximately equals the cost of remediation (neutral cash value) or the cost of remediation exceeds, sometimes by several orders of magnitude, the clean value of the land (negative cash value). The main factors that determine whether a property is positive, neutral or negative cash value are local market demand/land values, location, and remediation cost. Without financial incentives, negative and even neutral cash value sites will not be redeveloped.

"Greyfields" are obsolete, outdated, vacant and underutilized lands such as shopping malls, retail strip malls and plazas, and parking lots (private and municipally owned) that no longer attract adequate investment or tenants. Greyfields are typically not environmentally contaminated, but may contain older types of buildings and infrastructure that may need to be replaced. While the impediments to downtown revitalization described in the previous section certainly apply to both brownfield and greyfield sites, there are additional impediments to the redevelopment of brownfield sites.

Within the City of Red Deer, it is estimated that there are 23 privately-owned brownfield sites covering some 30.5 acres<sup>13</sup>. Nearly all of these sites are Downtown. Therefore, brownfields represent a significant amount of the land in Red Deer's Downtown. Furthermore, if experience in other municipalities across Canada and the United States is any indicator, it is likely that the estimate of the number and area of brownfield sites in Downtown Red Deer will prove to be low. As time goes on, and more and more sites in the Downtown will be subjected to environmental site assessment, and some of these sites will no doubt be discovered to be brownfields. If the development potential of these brownfield sites cannot be unlocked, this will limit employment and residential opportunities in the Downtown and negatively impact the City's efforts to revitalize the Downtown.

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<sup>12</sup> NRTEE. 2003.

<sup>13</sup> Economic Development Strategy, p. 136.

The Economic Development Strategy notes that since the Riverlands and Railyard Districts are intended to be mixed use areas with medium to high density residential development, the brownfields in these areas will have to be remediated or risk managed<sup>14</sup>. As such, the Economic Development Strategy notes that the City may also need to create incentives to promote remediation and the City could explore the possibility of paying into an insurance policy to cover any potential long-term problems with these brownfield sites post-remediation<sup>15</sup>. Therefore, it is important to the goal of stimulating development on underutilized sites in Downtown that the benefits and impediments to brownfield redevelopment<sup>16</sup> be understood. The benefits of and impediments to brownfield redevelopment are outlined below.

## **2.4.1 Benefits of Brownfield Redevelopment**

Numerous Canadian and U.S. studies have highlighted the benefits of brownfield development and communities across Canada have come to realize that unproductive brownfield sites in their downtowns can be transformed into productive economic uses that help promote downtown revitalization. The rationale for addressing brownfield redevelopment in Downtown Red Deer can be found in the significant economic, environmental and social benefits that would accrue in this area.

### **2.4.1.1 Economic Benefits**

A study of brownfield development in Canada found that every \$1 spent in the Canadian economy on brownfield development generates approximately \$3.80 in total economic output in all industries in the Canadian economy<sup>17</sup>. Numerous other Canadian and U.S. studies have found that brownfield development can have a catalytic effect on surrounding properties by increasing the property values of properties up to a kilometer or more away<sup>18</sup>. Experience in municipalities such as Hamilton, Ontario and Kitchener, Ontario, that have had brownfield development programs in place for some time, suggests that municipal efforts to promote brownfield development projects can result in a significant long-term increase in property tax revenues, employment and housing.

Redevelopment of brownfield sites in Downtown Red Deer for residential, commercial and mixed uses represents an excellent opportunity for The City of Red Deer to significantly increase the property tax revenues generated by these properties without incurring the significant public infrastructure costs typically associated with greenfield development. Furthermore, redevelopment of these brownfield sites would remove brownfield “eyesores” and enhance the business and pedestrian environment in the Downtown.

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<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> The terms “brownfield redevelopment” and “brownfield development” are used interchangeably in this report.

<sup>17</sup> Regional Analytics. 2002.

<sup>18</sup> See for example, Environment Canada. 1998 and IEDC, 2001.

### 2.4.1.2 Environmental Benefits

The environmental restoration and development of brownfield sites serves to improve the environmental quality of soil and groundwater. The positive impact of brownfield development on the environment is not limited to individual sites. Environmental restoration of individual sites can have a cumulative positive impact on the environment, including the protection of groundwater resources, wetlands and wildlife habitat<sup>19</sup>, which are some of the key goals of the City's Environmental Master Plan (see Section 4.7).

A study of brownfield versus greenfield development in six cities across the United States found that every acre of brownfield land developed would have required 4.5 acres of greenfield land<sup>20</sup>. This demonstrates the potential of brownfield development to reduce the amount of greenfield land consumed, thereby reducing urban sprawl, and helping to preserve farmland. Brownfield redevelopment can also help to achieve the City's targets for greenhouse gas (GHG) reduction, increased densities and a more compact urban form. By using existing infrastructure, brownfield development can also reduce the costs of urban sprawl, including the ever increasing costs of providing servicing to greenfield areas.

Brownfield projects, be they employment uses, residential uses, or a mix of uses, can also reduce the distance between the location of employment areas and residential areas, and therefore transportation costs. For example, a 2003 study found that every hectare of brownfield land redeveloped for residential purposes can save as much as \$66,000 a year in transportation costs relative to equivalent greenfield development<sup>21</sup>. Brownfield development can have the effect of reducing commuting needs, thereby reducing traffic congestion and GHG emissions. Furthermore, brownfield redevelopment contributes to the achievement of a more compact urban form.

### 2.4.1.3 Social Benefits

While the economic and environmental benefits of brownfield development are more obvious, brownfield development can also generate significant social benefits at the local level. Based on an analysis of a dozen brownfield projects across Canada, the NRTEE concluded that brownfield development can be an engine for urban renewal<sup>22</sup>. Case studies reviewed by the NRTEE showed that this renewal typically takes the form of:

- neighbourhood, employment area and downtown revitalization;
- improved aesthetic quality of the urban environment;
- provision of affordable housing opportunities;
- creation of recreational and public open spaces;

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<sup>19</sup> Regional Analytics. 2002.

<sup>20</sup> Deason et.al. 2001.

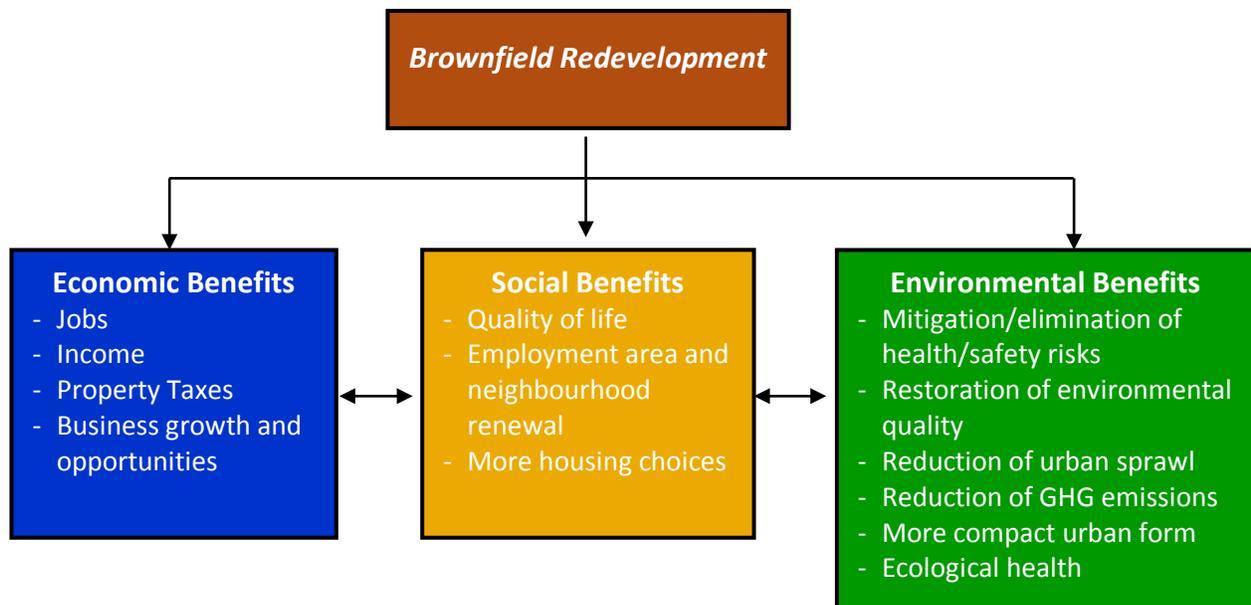
<sup>21</sup> Hara Associates. 2003.

<sup>22</sup> NRTEE, 2003.

- improved safety and security; and,
- an increased sense of community participation and civic pride.

Figure 1 below summarizes the myriad of economic, environmental and social benefits of brownfield development and the interrelationship between these benefits. It is important to remember that these benefits are interconnected, mutually reinforcing, and that the process of brownfield redevelopment has the potential to set off a complex chain reaction which can contribute to a healthier, more vibrant and sustainable downtown. For example, the economic benefits resulting from brownfield development, such as employment opportunities and income and property tax revenues can contribute to social benefits such as neighbourhood stability and quality of life. Brownfield redevelopment projects that provide employment opportunities near areas where community residents live or could live have the effect of reducing commuting needs. This in turn reduces traffic congestion and greenhouse gas emissions. The infrastructure cost savings and increased long-term property tax revenues from brownfield redevelopment may also allow a municipality to offer services that it may not have otherwise been able to offer. The benefits of brownfield redevelopment can be further enhanced when brownfield redevelopment projects also meet other planning and economic development goals of the municipality which can include: higher residential densities and mixed uses, energy efficient and sustainable design, desirable public amenities, and affordable housing.

**Figure 2 Benefits of Brownfield Redevelopment**



Source: Regional Analytics, 2002, Figure 2, p. 7.

## 2.4.2 Impediments to Brownfield Redevelopment

Brownfield redevelopment presents a number of unique challenges. The impediments to brownfield redevelopment can be classed into four categories as follows:

- i) Potential liability (regulatory and civil);
- ii) Environmental regulations and the time, cost and uncertainty around regulatory approvals;
- iii) Cost of environmental site assessment and remediation; and,
- iv) Stigma and perception of risk.

The nature of some of these impediments, e.g., liability and environmental regulations, make them very difficult if not impossible to address in a meaningful way at the municipal government level because these impediments relate directly to provincial legislation and regulations. Therefore, while the City of Red Deer certainly should have a role to play in working with the Province to affect positive legislative and regulatory reforms, and in educating local brownfield redevelopment participants on the legislative and regulatory opportunities, these actions do not form a major component of the recommended strategies contained in this report. Furthermore, the Alberta Urban Municipalities Association (AUMA) has produced a comprehensive report that contains recommendations to the Province regarding legislative and regulatory reforms needed to promote brownfield redevelopment in Alberta (see Section 4.8).

Other impediments, such as the cost of environmental assessment and remediation, municipal policies, and the lack of brownfield redevelopment knowledge and opportunities can be more directly addressed and overcome at the municipal government level. Therefore, strategies that are designed to overcome these types of impediments largely form the basis of the recommendations contained in Section 7.0 of this report.

### 2.4.2.1 Potential Liability

Developers, lenders and other parties involved in redevelopment are often concerned about their exposure to liability due to the actual or perceived contamination of the site. There are two general types of environmental liability that are relevant to the redevelopment of brownfield sites, civil liability and regulatory liability, and both act as barriers to brownfield redevelopment.

Regulatory liability is a legal obligation established by statute that creates a regulatory offence. For the brownfield developer it is the potential to be fined and/or ordered to do additional environmental remediation by the regulator, i.e., the province. This could be as a result of changes in cleanup standards, change in use of the property, or the discovery of historical contamination that was not adequately addressed at the time of site assessment/remediation.

Civil liability is a legal obligation that arises under the law of private rights and permits any person who suffered damage to property or person to seek redress in the courts from the party that caused the damage<sup>23</sup>. For a company or individual who develops a brownfield site or sells a

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<sup>23</sup> Environmental Law Centre, 2006.

brownfield site to a developer, this means there is a potential to be sued in court by a party who has been impacted by remaining on-site or off-site contamination.

Liability has been and continues to be one of the major impediments to brownfield redevelopment in Canada.<sup>24</sup> A survey of 16 brownfield experts across Canada conducted in 2004 concluded that liability (civil and regulatory) is the most significant impediment to brownfield redevelopment for residential uses.<sup>25</sup> A survey of 232 cities across the United States conducted in 2000 found that 71% of these cities cited liability is an impediment to brownfield redevelopment. This was second only to the lack of funds for site remediation which was cited by 90% of the responding cities.<sup>26</sup>

Potential exposure to regulatory liability is largely governed by the environmental legislation and regulations in place at the provincial level. Section 3.0 of this report examines the legislative framework in Alberta (Section 3.1), namely the Environmental Protection and Enhancement Act (EPEA) and the Municipal Government Act (MGA), as it applies to brownfield redevelopment.

#### **2.4.2.2 Environmental Regulations and Approvals**

While liability is usually ranked as the most important impediment to brownfield redevelopment, environmental regulations and regulatory practices also rank near the top of the list. Environmental regulations are how provinces translate their environmental legislation into practice through standards, guidelines, rules and procedures relating to the identification, remediation and re-use of contaminated sites. A survey of industry professionals from across Canada found that regulations and regulatory practices were ranked second in terms of importance after liability as an impediment to brownfield redevelopment<sup>27</sup>.

Risk assessment (RA) and risk management (RM) represent an alternative approach to the remediation of a site to background or generic standards. In many U.S. states, the use of risk RA and RM has become a standard and accepted alternative. RA involves assessing the in situ human health and ecological risks of leaving contaminants in place and reducing the impact of these contaminants through RM measures such as the restriction of land uses and/or the reduction or elimination of exposure pathways via engineering measures such as caps and berms. Because it reduces or eliminates the requirement to remove all contaminated soils and materials from a contaminated site and dispose of those soils and materials in a licensed facility, the use of RA/RM can provide a significant cost savings over the use the traditional “dig and dump” remediation approach.

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<sup>24</sup> Delcan et. al, 1997; NRTEE, 2003; CMHC, 2005.

<sup>25</sup> CMHC, 2005.

<sup>26</sup> U.S. Conference of Mayors, 2000.

<sup>27</sup> CMHC, 2005.

However, in practice, many provincial regulators across Canada have been very slow to fully understand and properly accept the RA/RM approach. The review of RA plans by provincial regulators is often associated with lengthy approval times. RA approval timelines can vary from a minimum of several months to years. Costs associated with tying up capital for this length of time, in addition to the cost of the RA and added uncertainty of RA approval, increases project costs, reduces lender confidence, and can ultimately lead to the financial demise of a brownfield redevelopment project.

Furthermore, some municipalities have refused to accept risk assessment plans for certain types of land uses. For example, the City of Edmonton has a policy that states the City will only accept remediation where residential or residential related uses are allowed and will not support the use of risk management approaches for residential zoning<sup>28</sup>. If it does not have a solid scientific rationale, this type of “blanket” municipal policy ignores the successful use of risk assessment based approaches in Canada and the United States and represents an example of the type of municipal policy that can negatively impact brownfield redevelopment. Therefore, it is important for the City of Red Deer to review its policies and ensure that it does not have these sorts of policies in place.

One of the most significant regulatory barriers to brownfield redevelopment is the lack of direct regulatory sign-off. In most U.S. states, if a developer conducts a remediation or risk assessment of a site under a state Voluntary Cleanup Program (VCP), the state will issue a “Certificates of Completion”, “No Further Action Letters”, and/or “Covenants Not to Sue”. This greatly reduces regulatory liability. Because civil liability often follows and is attached to regulatory liability, direct regulatory sign-off also has the benefit of indirectly reducing civil liability.

In Alberta, regulatory closure is available for sites which are managed to achieve Alberta’s Tier 1 and Tier 2 remediation guidelines. In 2009, Alberta Environment began to issue remediation certificates for sites that were remediated to Tier 1 or Tier 2 risk based objectives. The issuance of this certificate provides protection from regulatory liability. However, Alberta Environment does not issue remediation certificates for the exposure control (risk management) approach to contaminated sites, which uses a site-specific risk assessment approach. Furthermore, there are a number of other issues associated with the issuance of remediation certificates by Alberta Environment, including the narrow application of the certificate only to the area remediated, and the remediation certificate cannot be used where Tier 2 standards are met but remediation is not required. These issues are further discussed in Section 3.0 of this report.

The Environmental Law Centre notes that there is no formal linkage between the contaminated sites regime under the EPEA and the municipal planning and development process under Part 17 of the MGA. Even at the policy framework level, encouraging the cleanup and redevelopment of contaminated land is not directly addressed under Alberta’s land use policies. Furthermore, owners or developers who remediate sites will almost inevitably apply for municipal approval to

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<sup>28</sup> Environmental Law Centre. 2006

change the land use, subdivide, or seek development permits in order to return the site to productive use. If the planning and development approvals process is not integrated with requirements for cleanup, this can create uncertainty for developers and owners of sites when seeking municipal approvals; as well, it creates a risk for municipalities who issue approvals for planning and development. Therefore, it is important that the City of Red Deer ensure that its planning and development approvals process is integrated with Provincial requirements for cleanup.

#### **2.4.2.3 Cost of Environmental Site Assessment and Remediation**

A survey of 24 Canadian municipalities to gauge public sector perceptions on the obstacles to brownfield redevelopment found a high level of consensus that the additional costs associated with cleanup and redevelopment make brownfields uncompetitive with greenfields.”<sup>29</sup> Results from U.S. studies similarly show that the lack of funds to conduct site assessments and particularly site remediation rank among the top impediments to brownfield redevelopment<sup>30</sup>. There is consensus in the literature that financial barriers to brownfield redevelopment represent one of the top two impediments, with the other being liability.

A comparison of developing a new 40,000 sq.ft. industrial building on a vacant moderately contaminated 2 acre brownfield site versus a 2 acre greenfield site in the City of Hamilton, Ontario concluded that even if the brownfield site was purchased for \$1, the cost of developing the brownfield site would be 14% higher than the greenfield site.<sup>31</sup> As the initial cost of this brownfield site approaches the “clean market value”, the imbalance or market mismatch between the economics of the brownfield and the greenfield option increases even more. Another comparison of brownfield versus greenfield development, this time for a 125 units residential development in Guelph, Ontario, showed the profit margin for the green field site to be 9% versus 4.9% for the brownfield site.<sup>32</sup>

As a result of liability concerns and the related uncertainty of the real estate asset to retain its value, major lenders and financial institutions will not provide capital financing for the initial stages (site assessment and remediation) of a brownfield redevelopment project. In fact, major lenders and financial institutions will not normally provide capital financing until all contamination issues have been resolved, usually to the satisfaction of the provincial regulator. As a result, brownfield developers are often forced to obtain financing from non-traditional capital markets, usually at a premium interest rate. Therefore, the costs of site remediation can render an otherwise profitable project not financially feasible. There are also currently no provincial financial incentives in Alberta for environmental site assessment or remediation. The ability of municipalities in Alberta to offer financial incentives to brownfield redevelopment is

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<sup>29</sup> DeSousa, C. 2006.

<sup>30</sup> U.S. Conference of Mayors, 2000; ICF Consulting and E.P. Systems Group Inc., 1999.

<sup>31</sup> Regional Analytics, 2002.

<sup>32</sup> Regional Analytics, 2002.

discussed in Section 3.2 of this report. Very few municipalities in Alberta currently offer financial incentives for brownfield redevelopment.

#### **2.4.2.4 Stigma and Perception of Risk**

Stigma, as it relates to brownfields, is the perception on the part of developers, lenders, perspective purchasers, municipal officials, and the general public that these sites present serious environmental and health dangers. This stigma can:

- dissuade potential developers from even investigating brownfield redevelopment opportunities;
- negatively affect the willingness of financial institutions to consider financing a project; and,
- cause public opposition to a project, planning and regulatory delays.

Often the key to reducing stigma is simply the release of adequate information and education of the public. Dramatic improvements in public and stakeholder awareness and education around brownfields and brownfield redevelopment have been made over the last number of years. However, the lack of easily accessible and understood information on brownfield redevelopment can still act as an impediment to brownfield redevelopment. The literature suggests that public outreach programs that are designed to educate participants in the brownfield redevelopment process on the real risks and benefits of brownfield redevelopment can help to overcome stigma.<sup>33</sup> Publicizing successful brownfield redevelopment projects in the media is another strategy to help overcome stigma. The literature also suggests that community engagement early in the development process can help to considerably lessen any fear, apprehension and organized opposition to brownfield redevelopment projects.<sup>34</sup>

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<sup>33</sup> CMHC, 2005.

<sup>34</sup> Greenberg et. al., 2001; McCarthy, 2002; Adams and Watkins, 2002; ICMA, 2003.

## 3.0 Legislative Framework

This section of the report reviews the legislative framework in Alberta that impacts the ability of the City of Red Deer to stimulate development of underutilized sites, including brownfield and greyfield sites. The two key pieces of legislation in this regard are the Environmental Protection and Enhancement Act (EPEA) and the Municipal Government Act (MGA). The review of both of these pieces of legislation contained below focuses on the constraints and opportunities presented by these two pieces of legislation in relation to the City of Red Deer potentially stimulating the development of underutilized sites in the Downtown.

### 3.1 Environmental Protection and Enhancement Act (EPEA)

Contaminated land in Alberta, including that subset of contaminated land that may be categorized as brownfields, is primarily regulated under Part 5 of the EPEA. Part 5, Division 1 regulates substance releases, and Part 5, Division 2 deals with the designation of contamination sites. The EPEA prohibits the release into the environment of a substance that would cause an “adverse effect”, i.e., the impairment of or damage to the environment, human health or safety or property. Similar to other provinces in Canada, Alberta Environment and Sustainable Resource Development (Alberta Environment) uses guideline criteria to determine when an adverse effect may have occurred. Therefore, if the release of a substance to the environment exceeds these guideline criteria, then an adverse effect may have occurred and the site may be contaminated.

#### 3.1.1 Responsible Parties

The substance release provisions under Division 1 set out the process most commonly used by Alberta Environment to deal with contaminated land. Alberta Environment has used the designation provisions under Division 2 very sparingly and views the designation provisions as a “last resort” to deal with extraordinary circumstances where contaminated land poses a significant adverse effect to human health or the environment. In contrast, the substance release provisions are more streamlined, with less related process and a somewhat narrower scope of liability and potentially responsible parties.

Division 1 (substance releases) ties liability for a substance release to the “person responsible” for that substance release. Persons responsible can include the owner and previous owner of a substance, any person with charge, management or control of a substance, and any successor, representative, principal and agent of those persons. The Act requires that the person(s) responsible for the release of the substance remediate, manage, remove or otherwise dispose of the substance. The Director of the EPEA may issue an order to the person responsible for the substance.

Division 2 ties liability to the “person responsible for the contaminated site,” which is similar in nature to the definition of “person responsible,” but with a significantly broader scope for liability. As compared with Division 1, Division 2 casts a broader net for liability, tying liability not

only to the substance present on the site but also to current and past owners of the land where the contamination is situated.

### **3.1.2 Liability Limitation for Municipalities**

There are certain limited exemptions from the scope of person responsible for municipalities and investigators. Municipalities that take title to a property in a failed tax sale are not considered persons responsible under EPEA. The EPEA also provides municipalities with some protection from civil liability in relation to the condition of property listed on a municipal tax arrears list. This protection from civil liability related to tax forfeiture is repeated under section 434.1 of the MGA. A municipality will only attract liability if it worsens existing contamination or causes further environmental problems at a property after taking possession of or title to a tax arrears property.

Another way that municipalities can acquire title to property is through land dedications in the subdivision process. Municipalities in Alberta are protected from regulatory liability for land acquired by dedication or gift during the municipal planning process such as land dedicated for public roadways, public utilities, environmental reserves, municipal reserves, and school reserves. Again under this exemption, a municipality will only be classed as a person responsible if it worsens existing contamination or causes further environmental problems after acquiring the site. However, there are no exemptions from civil liability if land acquired by a municipality through dedication is affected by contamination.

These characteristics of the EPEA do present some opportunities for municipalities in Alberta to be proactive in placing tax delinquent brownfield properties up for sale and even possibly issuing request for development proposals on these properties, or taking ownership of these properties if the tax sale fails. With the regulatory liability protection afforded land dedications, Alberta municipalities may also consider accepting risk assessed/managed lands through the municipal planning process, subject to appropriate environmental investigations being done and adequate financial assurances being put in place for said lands. A few municipalities in Ontario, e.g., Collingwood and Kitchener, have done this to facilitate large brownfield redevelopment projects.

### **3.1.3 Remediation Certificates**

Under Part 5, Division 1, provisions exist for the issuance of a remediation certificate when a substance release has been remediated. In 2009, Alberta Environment began to issue remediation certificates for sites that were remediated to Tier 1 or Tier 2 risk based objectives.<sup>35</sup> The issuance of a remediation certificate has the effect of preventing the issuance of any environmental protection order for the same release of the same substance after a prescribed date. Unfortunately, remediation certificates issued by Alberta Environment apply only to the area of the site that was remediated (and not the entire property), and only to the substances detailed in the application. If contamination extends beyond the bounds of the area or additional

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<sup>35</sup> AUMA, 2012.

substances are identified, the certificate does not provide liability relief.<sup>36</sup> This represents a significant limitation with respect to the ability of the remediation certificate to provide liability relief. Also, Alberta Environment does not issue remediation certificates for;

- a) sites where Tier 2 standards are met, but remediation is not required;
- b) sites that do not meet Tier 2 standards where exposure control (site-specific risk assessment and risk management) are employed.

These numerous limitations on the applicability of the remediation certificate negatively impact the willingness of prospective purchasers, investors and developers in Alberta to acquire, remediate and redevelop brownfield sites due to the continuing risk of regulatory (and accompanying civil) liability even once a site has been remediated or risk assessed to the appropriate guideline criteria. The liability associated with a brownfield site represents a major barrier to brownfield redevelopment if that liability cannot be closed off once a site has been remediated or risk assessed.

### **3.1.4 Civil Liability and Liability Transfer**

While remediation certificates have the effect of terminating regulatory liability for the area remediated, they do not address civil liability. Closure for civil liability is generally provided for under Alberta's Limitations Act, unless a specific limitation period is provided for in another statute. Under the Limitations Act, a claim must be brought within two years from the date that the claimant discovers or ought to have discovered the injury; or ten years from the date the claim arose regardless of when it is discovered, whichever period expires first. It should also be noted that EPEA includes a provision to extend the limitation period for commencing a civil proceeding upon application to the courts.

There is also no mechanism under EPEA that allows for the contractual transfer of liability or that makes such liability transfers binding on regulators and third parties.<sup>37</sup> Therefore, developers and owners of brownfield sites in Alberta may be reluctant to redevelop brownfields because they are unwilling to assume liability risks, and if they are willing to assume these risks, there remains future uncertainty around such risks.

### **3.1.5 Expropriation**

Finally, municipalities have the right to expropriate lands under the MGA provided they follow the requirements of the Expropriation Act. Often municipalities need to renew infrastructure, particularly roads, in areas that are already developed. Expropriations for such projects may include contaminated lands such as service station sites or other commercial properties. If no agreement can be reached between the municipality and the property owner, the municipality can begin expropriation proceedings to acquire the land. When a municipality expropriates land, a certificate of approval is registered on title and compensation is paid. However, if the property

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<sup>36</sup> Miller Thomson Real Estate Newsletter, August 2010.

<sup>37</sup> Environmental Law Centre, 2006.

owner and the municipality cannot agree on compensation, compensation is fixed by the Land Compensation Board. The amount of compensation is based on the market value of the land sold in the open market by a willing seller and a willing buyer. Currently, there is no process under the MGA or Expropriation Act to address contamination issues that arise during expropriation. Specifically, there is no mechanism to recognize costs for remediation or to disclaim assumption of environmental liability in the certificate of approval. This means that the municipality could become a responsible person for the contamination once it takes ownership of the expropriated property.

### **3.1.6 Summary**

In summary, the regulatory and civil liability risk faced by landowners and potential developers stands as a barrier to the promotion of brownfield redevelopment. This liability discourages existing landowners from placing contaminated and potentially contaminated lands back into the market place. It also discourages potential purchasers and developers from placing themselves into the chain of title for such parcels to remediate and redevelop these properties. Recent improvements to the EPEA and the issuance of remediation certificates by Alberta Environment has helped to reduce this liability. However, the broad net cast by the EPEA with respect to the persons responsible for brownfield sites and the gaps in regulatory and civil liability protection continue to act as a significant disincentive to the remediation and redevelopment of brownfield sites in Alberta.

## **3.2 Municipal Government Act**

The Municipal Government Act (MGA) sets out the powers of municipalities and regulates their activities. Municipalities may incur liability from brownfield sites in a number of ways:

- a) through failed tax sales;
- b) land dedication during the subdivision process;
- c) annexation and expropriation; and,
- d) planning and development decisions made under Part 17 of the MGA.

### **3.2.1 Liability Limitation for Municipalities**

As previously noted, the EPEA provides regulatory liability protection for properties acquired through failed tax sales and land dedication via the planning approval process. The regulatory liability protection for dedicated lands is a positive step, and not all provinces offer this liability protection. In Ontario, this protection is only offered to the municipality if the party dedicating the lands or the municipality files a Record of Site Condition (RSC) for the lands.

Part 17 of the MGA provides some general statutory protection for municipalities from civil liability related to planning and development decisions. Again, this is a positive aspect of the legislative framework in Alberta. However, the civil liability protection for municipalities is less protective than the civil liability exemption accorded to provincial government employees and agents under EPEA. A similar situation existed in the Province of Ontario, but Ontario municipalities requested and were provided this same protection several years ago. Since

municipalities and not the province are making planning and development decisions, and therefore exposed to the most liability associated with these decisions, it is important that Alberta municipalities be afforded the same civil liability protection as that afforded the province and its employees.

### **3.2.2 Financial Incentives**

The MGA allows municipalities in Alberta to potentially offer a number of types of financial incentives to promote the redevelopment of brownfield and underutilized sites, including:

- a) Property tax cancellation, reduction, refund or deferral (collectively known as tax assistance) (Part 10, S. 347/353);
- b) Community Revitalization Levy (CRL) (Part 10, S. 381.1-381.5);
- c) Loans and Guarantees (Part 8, S. 264-268);
- d) Grants (Part 8, S. 242-247); and,
- e) Planning Fee Waivers (Part 17, S. 630.1).

Presumably, some or all of these financial tools could be considered for use by the City of Red Deer to encourage brownfield redevelopment and development on underutilized sites in the Downtown. An evaluation of the appropriateness of these financial incentives for promoting development of brownfield, greyfield and underutilized sites in Downtown Red Deer is provided below.

#### **3.2.2.1 Property Tax Cancellation**

Part 10, S. 347 of the MGA deals with municipal taxation. This section of the MGA permits a municipal council to cancel or reduce tax arrears, cancel or refund all or part of a tax, or defer the collection of a tax if it is equitable to do so. In principle, this section of the MGA could be used to provide property tax relief to properties undergoing brownfield redevelopment or even underutilized sites in a particular area undergoing development or redevelopment. However, there are two problems with this approach. First, the reduction, cancellation or refund of property taxes runs with the title of the land. Therefore, this particular type of incentive would only be effective to compensate for remediation/development costs if the brownfield property is being redeveloped by the end user/owner, which is often not the case. Second, under Section 353 of the MGA, the property tax cancellation, reduction or refund must be reaffirmed through the municipal budget process every year by passing of a property tax bylaw. This aspect of the MGA certainly does not provide financial certainty over the long-term to someone considering purchasing and redeveloping a brownfield/underutilized site. This significantly reduces the attractiveness of property tax cancellation as a potential tool for the City of Red Deer to provide a reliable long-term financial incentive to promote brownfield redevelopment.

### 3.2.2.2 Community Revitalization Levy

Part 10, S. 381.1-381.5 of the MGA allows municipalities to pass a community revitalization levy (CRL) bylaw to promote/ accelerate the redevelopment of an underutilized area. The CRL is essentially tax increment financing (TIF) which has been and continues to be extensively used by municipalities in the United States to finance the redevelopment of downtown and brownfield areas.

The CRL generally works as follows. A CRL bylaw must be approved by the Lieutenant Governor in Council. Once a CRL bylaw is approved, a baseline property assessment value is established for the CRL area. Tax revenue from the baseline assessment continues to go to the municipality (into general revenues) and the province. As redevelopment in the CRL area occurs, the assessment value of the properties within the CRL increases over the baseline. Taxes from the increased value of the properties in the CRL area over the baseline all go to the municipality, including the increased property tax revenues that would have gone to the province. This increase in property tax revenues is then used by the municipality to repay capital financing used to improve the designated area and enable redevelopment. The maximum length of a CRL bylaw is 20 years. Once the CRL period ends, the increased municipal property taxes and school taxes dedicated to the CRL will return to municipal and provincial general revenues.

A few municipalities in Alberta have enacted CRL bylaws to promote redevelopment of their central core areas, including Calgary (Rivers District), Edmonton (Capital City Downtown and Quarters Downtown) and Cochrane (Downtown). In all these municipalities, the CRL has been or will be used to finance large infrastructure projects (e.g., sewer and water servicing, floodproofing, transportation infrastructure, etc...) that are required for redevelopment of these areas. However, Edmonton's Capital City Downtown CRL does include a central warehouse housing incentive program which is described in more detail in Section 5.4.1 of this report.

Section 381.2(2) of the MGA states that a CRL can be used by a municipality to "raise revenue to be used toward the payment of infrastructure and other costs associated with the redevelopment of property in the CRL area". Therefore, while municipalities who have used the CRL tool in Alberta to promote downtown redevelopment have largely used it to pay for infrastructure costs, the MGA does not appear to necessarily prohibit the CRL from also being used to provide financial incentives to promote the redevelopment of individual brownfield, greyfield or otherwise underutilized sites. At least one example of this use appears to exist in Alberta. However, this aspect of the MGA is not clear and does require clarification from the Province.

Many municipalities in the United States use TIF to provide funding for individual brownfield/ downtown redevelopment projects. Numerous municipalities in Ontario use a form of TIF known as "tax increment grants" or a "pay-as-you-go" TIF where the developer who remediates and redevelops a brownfield site or redevelops an underutilized downtown site is provided an annual grant equal to part or all of the municipal property tax increase generated by the redevelopment project for a number of years, usually up to 10 years or more.

While the CRL initially presents as a good potential tool for promoting redevelopment in Downtown Red Deer, there are some concerns around potentially establishing and using a CRL for the Downtown. First, it can take upwards of two years to prepare the required background plan and documentation, conduct public consultation, consult with Municipal Affairs, prepare the bylaw, and have council and the Lieutenant Governor approve the bylaw.<sup>38</sup>

There is also some financial risk to the municipality in using a CRL. If the infrastructure project does not lead to an increase in property values and does not result in any new development or less development than anticipated, there will not be enough of a property tax increase from the CRL area to repay the costs of the infrastructure. In this case the City would have to increase general property taxes to cover the shortfall. This risk can be minimized by developing a comprehensive CRL area redevelopment plan and using conservative assumptions regarding the value of the tax increment to be regenerated in the area.

Another issue is the potential shift in taxes. Will the project really result in new development – development that would not have occurred in the city otherwise – or is it merely a shift in development, from areas outside the CRL to the area inside the CRL boundary? A related issue is the decrease in general tax revenue. If the increased property tax inside the CRL boundary is no longer going into general revenue, what impact might that have on the services the City provides?

Finally, it appears that the Province of Alberta has frozen the use of CRLs to existing designated CRL areas while it reviews the MGA. As such, there is the possibility that the CRL tool may be discontinued by the Province.

### **3.2.2.3 Loans and Guarantees**

Part 8, S. 264-268 of the MGA permits a municipality to lend money or guarantee the repayment of a loan, but only if the money is lent to a non-profit organization. Therefore, this potential incentive tool would have little applicability in the Downtown Red Deer context where most of the properties are owned by private owners/developers. Furthermore, even in provinces where municipalities are permitted to give loans to promote brownfield redevelopment, e.g., Ontario, most municipalities have chosen to utilize grants instead of loans.

### **3.2.2.4 Grants**

While the MGA does not expressly include the authority to make grants, Part 8, S. 242-247 allows a municipality to make expenditures that are included in an operating budget, and Section 243 (2)(g) of the Act specifies that an operating budget must include the estimated amount of “grants”. Therefore, municipalities in Alberta can use their operating budgets as a source to fund grants to promote the development of underutilized sites, including brownfield and greyfield

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<sup>38</sup> Male, M.D., “Alerta’s CRL: Introduction”, December 14, 2010. <http://blog.mastermaq.ca/2010/12/14/albertas-community-revitalization-levy-introduction/>

sites. In fact, a number of municipalities in Alberta have utilized this approach. For example, the City of Edmonton offers a Brownfield Redevelopment Grant Program and a BRZ Development Incentive Programs to help revitalize its main street commercial areas. Medicine Hat offers a number of programs to promote commercial, residential and mixed use redevelopment in its downtown. Crossfield, Fort Saskatchewan and Sundre also offer grants to promote façade and storefront improvement in their downtowns. More detail on these incentive programs are provided in Section 5.0 on Best Practices.

The ability for local municipalities to provide grants under the MGA appears to provide the most potential and most advantages as a financial tool for the City of Red Deer to promote development of underutilized sites in the Downtown. The grant approach provides better assurance, predictability and transparency to both developers and taxpayers, and is easier for the municipality to establish and administer than other alternatives.

### **3.2.2.5 Planning Fee Waivers**

Finally, Part 17, S. 630.1 of the MGA allows a municipality to waive planning and development related fees. The authority to waive fees related to planning and development must be enshrined in a municipality's bylaws. While not a significant incentive by itself, municipalities can consider using fee waivers as an additional, albeit secondary tool, in conjunction with other incentive programs such as grants to promote the development of underutilized sites.

## 4.0 Policy and Study Framework

This section of the report outlines the key City policies and other studies related to land development in Downtown Red Deer. These policies set the framework for the development of recommended strategies to and attract investment to underutilized sites in Downtown Red Deer.

### 4.1 Strategic Plan (2015-2018)

The City's Strategic Plan notes that as Red Deer (Alberta's third largest city) transitions from a small city to a modern urban centre serving a region of over 320,000, in addition to the ongoing implementation of the established Movement, Design, Economy, Identity and Safety Charters of the 2012-2014 plan, it will focus on three key themes:

- i) Dialogue – engaging our community and enhancing our relationships;
- ii) Community Amenities – planning great spaces and places for community living; and,
- iii) Financial Leadership – creating a sustainable financial foundation.

All three of these themes and the corresponding actions and outcomes specified in the Strategic Plan relate to development opportunities the Downtown and these themes are reflected in the approach to preparation of this report. For example, a dialogue was held at a workshop with key Downtown stakeholders to discuss and obtain their input on strategies to attract investment and development to underutilized sites in Downtown. Financial incentive program best practices were also reviewed to identify possible best practices that could help the City develop sustainable financial incentive programs that will attract investment and development to in Downtown Red Deer.

### 4.2 Economic Development Strategy

The Economic Development Strategy (EDS) was prepared in July of 2013. This Strategy endeavors to create more sustainable long-term economic opportunities in Red Deer by creating and improving the conditions necessary for economic growth. The EDS collected a wealth of information from the EDS Advisory Committee, published data sources, and primary research including the results from surveys and focus groups. The EDS identified a number of strengths, weaknesses, opportunities and threats to economic development in Red Deer. In particular, the EDS identified the following potential impediments to Downtown revitalization:

- Crime rate in the Downtown;
- Lack of attractions such as markets, restaurants and recreational activities to draw people Downtown, especially in the evenings and over the winter;
- Zoning restrictions and red tape inhibit small business growth;
- Only 6% of residential units are located in the Downtown;
- Challenges associated with utilizing brownfield lands;
- Attitudes toward higher density development in Downtown Red Deer.

The EDS establishes six major focus areas for economic development in Red Deer and contains a number of strategies for each of these major focus areas:

- A. Strategic Positioning - fully capitalizing on its central location and establishing its own identify and brand;
- B. Economic Diversification - diversifying the local economy;
- C. Providing ample development opportunities (with special attention paid to revitalizing the downtown core) while ensuring efficient use of land;
- D. Labour and Education Strategies - having a well-trained, effective and nimble workforce;
- E. Small Business Strategies - small businesses are assisted through their entire lifecycle and are central to Reed Deer's broadly diverse economy; and,
- F. Downtown Revitalization Strategies - Downtown will be revitalized, vibrant and active, including increasing numbers of residents, numerous activities, and the reuse and redevelopment of brownfields and vacant and underutilized lands.

The EDS includes over 30 strategies (recommendations) to help Red Deer achieve these desired strategic outcomes. While many of the strategies in the EDS are indirectly applicable to the Downtown, two particular types of strategies, i.e., the Land Use and Downtown Revitalization strategies, contain recommendations, that if implemented, will help to stimulate development on underutilized sites in the Downtown. These key strategic recommendations are listed below:

#### **4.2.1 Land Use Strategies**

Strategy C3: Explore retail options along Gaetz Avenue, especially downtown. The City can utilize its land bank for retail (if applicable).

Strategy C4: Continue to support downtown as the City's primary office location. The City can utilize its land bank for office (if applicable).

Strategy C6: Promote greater housing stock and diversity of housing. The City could provide incentives for more mid-high density housing in the downtown area as well as more semi-attached homes and townhouses. The City can develop its land bank properties for higher density residential, if financially prudent.

Strategy C7: Leverage brownfields for higher-density infill developments. The City should:

- consider creating incentives for private developers to remediate and redevelop brownfield sites (especially in the Riverlands and Railyards districts);
- meet with and seek guidance from Alberta Environment on a legal framework for removing barriers to brownfield redevelopment and how future liabilities associated with these sites might be adjudicated should redevelopment happen;
- explore the possibility of the City paying into an insurance policy to cover any potential long-term contamination issues post-remediation;
- consult with remediation professionals on the rehabilitation of contaminated lands; and,
- assess area redevelopment annually, and if financially prudent, develop City-owned brownfield sites in accordance with the Greater Downtown Action Plan.

## 4.2.2 Downtown Revitalization Strategies

Strategy F1: Create higher-density development Downtown. The City should consider the following to achieve higher densities, especially mixed use developments, in the downtown:

- strategic land acquisition/assembly;
- changes in Planning and Development Regulations such as flexible zoning and land use controls, increase in development rights and densities, reduced fees and levies, expedited development approval process, rezoning for mixed use and for stacking of uses for more efficient use of land); and,
- a variety of tax tools (such as reduced property tax, special assessment districts, Community revitalization levy and tax concessions and exemptions)

Strategy F2: Create more rental apartments in the Greater Downtown Area. The City can utilize its land bank to help encourage the construction of higher-density housing and purpose-built rental units.

Strategy F3: Make downtown a year-round destination. The City should examine options including expanding the successful Downtown Patio program, creating a Winter Garden, opening a skating rink, establishing a public market as well as trying out evening activities.

Strategy F4: Reduce crime downtown. The City should:

- meet with local RCMP representative as well as downtown business owners to determine what kinds of efforts work to reduce crime downtown and what the City and the business community might be able to do and,
- engage the other Downtown-specific Strategies (F1, F2, F3) to drive additional activity downtown.

Strategy F5: Capitalize on the Historic Downtown built environment. The City should:

- explore a variety of municipal entitlements to promote heritage preservation, such as transfer of development rights reduced property tax and special assessment districts;
- Identify key heritage sites which exemplify the Red Deer history and culture;
- explore the creation of a unique Red Deer identity through the use of landscaping, streetscaping, heritage restoration and land use controls.

Strategy F6: Consult with the Donald School of Business. The City should periodically meet with senior administrators at the DSB to discuss what the City can do to make downtown more appealing to its students and faculty.

Strategy F7: Assess the needs for public services for growth populations.

### 4.3 Municipal Development Plan

The Municipal Development Plan (MDP) was approved in 2008 and guides and directs future growth and development for Red Deer. The MDP provides the policy framework for the physical development of the city, which guides both public and private decision making with regards to investment. Several of the policies in the MDP speak directly to downtown revitalization and support for development on underutilized sites in the Greater Downtown.

Section 2.4 of the MDP notes that Downtown, as the traditional hub of activity and commerce, is regaining importance. This coincides with planning and development initiatives to create more walkable, compact and sustainable urban environments.

One of the 16 guiding principles in Section 3.2 of the MDP is to support the development of the Greater Downtown as a vibrant, inclusive and attractive focal point for the community to access services, live, work, shop and play. Numerous other guiding principles in Section 3.2 of the MDP support development and investment in the Downtown area.

Section 5.0 outlines the framework for growth management and urban form in Red Deer over the longer term. A number of policies in this section support infill, redevelopment and intensification in the Greater Downtown. For example, Policy:

- 5.10 notes that the City shall undertake reviews of potential redevelopment and intensification opportunities in the established areas, including, the Greater Downtown.
- 5.17 states that the City should promote intensification of urban areas by ensuring its design guidelines and specifications encourage the efficient use of land.
- 5.18 notes that the City should support infill residential and commercial development on vacant or underutilized parcels of land in established areas, particularly along major transit routes.

Section 7.0 outlines the goals, objectives, and policies aimed at creating a physical environment that is attractive, safe, functional, and vibrant, as well as a source of community pride in Red Deer. Policy 7.2 directs the promotion of Downtown Red Deer as a central focal point and notes that the “City shall support the ongoing redevelopment and revitalization of the Greater Downtown and encourage high quality urban design that emphasizes and reinforces the importance of the downtown to the overall urban fabric of Red Deer.”

Section 11.0 of the MDP outlines the goals, objectives, and policies guiding the development of the Greater Downtown area, with the overall goal of continued growth and intensification, to support its role as the business, administrative and cultural centre of Red Deer. Key objectives of Section 11.0 include: implementing the Greater Downtown Action Plan; reinforcing the Downtown core as the civic business, administrative, social services and cultural centre of the city; continuing to promote and encourage higher-density residential development in or near the downtown; and revitalizing and maintaining an active downtown.

The policies in Section 11.0 of the MDP provide very strong support for revitalization and intensification of the Downtown Core. The key policies in Section 11.0 of the MDP state that the City shall:

- 11.1 support the ongoing redevelopment and revitalization of the Greater Downtown as the centre and heart of the city and region;
- 11.2 continue to implement The City of Red Deer Greater Downtown Action Plan;
- 11.4 continue to promote opportunities for infill and intensification within the Greater Downtown in order to facilitate a mixed use and compact urban form
- 11.5 support development of higher density housing in or near the Greater Downtown area, including conversion of commercial and industrial uses to residential uses where appropriate.
- 11.6 promote a safe and inviting environment in Greater Downtown using a variety of techniques;
- 11.8 continue to work with, and support, the Business Revitalization Zone to:
  - promote the zone as a mixed use area;
  - improve and maintain public parking;
  - improve, beautify and maintain property in the zone;
  - promote the Greater Downtown as a unique shopping experience through the development of effective marketing techniques; and
  - develop strong economic development strategies to support business retention and the attraction of new business.
- 11.9 shall encourage mixed use development in the Greater Downtown area that includes complementary land uses. In acting on this policy, the City and residents shall recognize that residential uses in the Greater Downtown area may be subjected to more noise and traffic than is typically considered acceptable in a predominantly residential area, and that this is one of the trade-offs associated with creating residential opportunities in the downtown area.

#### **4.4 Land Use Bylaw**

The City of Red Deer Land Use Bylaw (3357/2006) establishes regulations on how land may be developed in the City of Red Deer (permitted uses, setback requirements, floor area ratios, maximum building heights, etc...). The Historic Downtown District is covered by the C1 Commercial (City Centre) District (Part 5). The Riverlands and Railyards are covered by the Direct Control District (Part 8). A Direct Control District allows a municipality to exercise particular control over the use and development of land or buildings within an area of the municipality

The C1 District provides for a range of permitted and discretionary uses, including a wide range of commercial, institutional, cultural and residential land uses designed to serve the city and region as a whole. C1 District Permitted Uses include merchandise sales, commercial services and recreation facilities, office, hotel/motel, restaurant, and residential dwelling units above the ground floor. The C1 District Discretionary Uses include a host of commercial uses and multiple family buildings, excluding ground floor dwelling units. Table 5.1 of the Land Use Bylaw establishes the minimum setbacks, minimum and maximum floor areas and maximum building

height in the C1 District. While there is no formal building height specified in Table 5.1, the Development Authority shall have discretion in reviewing building height based on the impact of the proposed building on surrounding properties and the streetscape. While there is a newer 12 storey office building in the Downtown, there does not appear to be any residential or mixed use buildings in the C1 District that are over four storeys.

As per Section 3.1(1) of the Land Use Bylaw, parking does not have to be provided in the C1 District, except for residential development, which must provide parking as per the residential parking requirements in Table 3.1 of the Land Use Bylaw. However, the Land Use Bylaw allows the Development Authority to reduce the parking requirement where the applicant can demonstrate that there is complementary or overlapping uses of the parking facilities that would warrant a reduction in the parking requirements.

## **4.5 Community Standards Bylaw**

The City of Red Deer Community Standards Bylaw (3383/2007) prohibits certain activities in order to prevent and compel the abatement of noise, nuisances, unsightly premises and public disturbances. Part 2 of this Bylaw addresses issues of nuisance, unsightly premises and graffiti. The Bylaw addresses nuisance issues created by the storage of garbage, failure to maintain grass and landscaping, and failure to maintain accessory buildings, structures and fences. However, it is not clear that the wording of this by-law directly and firmly addresses nuisance issues created by the failure of a property owner to maintain the exterior and interior of buildings, structures and building systems. A limited review of community standards bylaws in Calgary and Edmonton found that the wording of these bylaws directly addresses and requires the general maintenance and upkeep of buildings and structures. Therefore, the City of Red Deer should review its Community Standards Bylaw to ensure that it provides adequate authority to encourage and require property owners to maintain their properties, including all buildings and structures. Regardless of whether or not the City revises its existing current Property Standards Bylaw, the City should also consider enhancing enforcement of its Community Standards Bylaw.

## **4.6 Greater Downtown Action Plan**

The City of Red Deer completed an action plan for the Greater Downtown area in 2000 and this plan was updated and renewed in 2008. The Greater Downtown Action Plan (GDAP) 2008 Update reaffirms the planning directions established in the original GDAP. It also introduces a number of new projects and directions. The vision in the GDAP for the future of Red Deer's Greater Downtown is that it will be a vibrant, diverse urban centre, with development over the next 10-20 years to be led by the emergence of three distinct but complementary districts:

- 1) Historic Downtown – a continuously reinvigorated office and retail centre featuring major government buildings, the city's historic character, and new mixed-use residential and commercial developments;
- 2) Riverlands – a special area with an emphasis on the culture of Red Deer – a district that fosters formal and informal gatherings for our community and visitors; and

3) Railyards – the new residential lifeblood for Greater Downtown, where high density urban living will create a new energy in the city’s centre.

Six themes emerged from the consultations done for the 2008 Update. These are:

- Great Streets
- Great Places
- Great Connections
- Vitality
- Authenticity
- Sustainability

The GDAP (2008) includes 46 recommendations with a number of these recommendations involving major new public realm improvement projects. While all of these recommendations will in some way help to improve the investment and development climate in the Greater Downtown, the GDAP contains a number of recommendations that are more immediately relevant to promoting development on underutilized sites in Greater Downtown Red Deer. These recommendations include:

- Consideration of the provision of incentives to encourage features such as low emission buildings, passive heating/cooling technologies, green roofs and more in a Green Technology Zone within the Riverlands;
- Identification and consideration of strategies such as land use bylaw changes and financial incentives to encourage more residential development in the Historic Downtown, North Downtown and South Downtown areas;
- Identification of tools that could be used to encourage owners in the adaptive reuse of their historic buildings, including technical advice, regulatory assistance and tax incentives; and,
- Undertaking a detailed land use and zoning review of the area covered by C1 zoning, and the adoption of changes necessary to stimulate high-density, mixed-use, quality development.

## 4.7 Environmental Master Plan

The Environmental Master Plan (EMP) was endorsed by Council in 2011. It serves as a guide to improve environmental sustainability in Red Deer by setting goals and providing short, medium and long-term strategies. The EMP reflects the goals of the City’s Strategic Plan. The EMP is built around a 25 year vision for Red Deer’s Environmental future that was developed in collaboration with the people of Red Deer:

*Red Deer actively enhances its rich natural environment and minimizes its ecological footprint through City leadership, community collaboration and active stewardship. Red Deer is a leading example of a resilient and sustainable community in which urban and natural systems are effectively integrated to the benefit of both.*

The EMP is key tool in the implementation of the City’s Municipal Sustainability Framework. The EMP organized around seven focus areas (water, ecology, transportation, built environment, air, energy and waste). Each focus area includes an overarching goal and recommendations that

impact the City's own operations and actions focused on the community. While the EMP would generally be supportive of downtown intensification, a number of the goals and actions contained in the EMP are particularly supportive of downtown intensification including transportation improvements, improving the built environment, air quality, and other key goals in relation to Downtown Red Deer. These include:

**Transportation Goal** – Integrate active transportation, increased modal split and complete streets into all aspects of transportation planning. Actions include: improved frequency of transit service; investigation of high-capacity transit; grant/incentive program to introduce/increase bicycle parking, storage and shower facilities on site; complete street pilot initiative, and sidewalk/trail audit;

**Built Environment Goal** – Create vital, well integrated, compact communities that minimize negative environmental impacts. Actions include: City-wide infill guidelines and standards that emphasize compact urban form and environmental design standards; parking practices and policies that encourage public transit use and alternative forms of transportation; studies of both residential and commercial/industrial density in Red Deer to establish informed baselines and goals for future density targets; tax and other incentives to facilitate downtown reinvestment complementary to the GDAP; encourage redevelopment of brownfield sites; explore LEED and other programs or development options to promote greener and more energy efficient building choices; a year round Farmers' Market; encourage developers to set aside a small amount of land for community garden purposes;

**Air Goal** – To improve air quality and reduce emissions. Actions include: a greenhouse gas (GHG) inventory analysis; corporate greenhouse gas emissions reduction plan; community idle free policy;

**Energy Goal** – To reduce energy use and move towards using renewable energy sources. Actions include: expand energy efficient street light program and work towards reducing the effects of light pollution; explore District Energy potential in high-density neighbourhoods; incentive program to encourage building retrofits for energy efficiency;

**Waste Goal** – To decrease amount of waste going to landfill and increase waste diversion opportunities. Actions include: advance recycling and diversion of construction waste on development sites.

The City is also in the process of preparing a Community Energy and Emissions Plan (CEEP). This plan will contain recommendations designed to reduce energy use and emission (including GHG emissions), promote more energy efficient homes and neighbourhoods, enhance active transportation and transit, and reduce waste.

## 4.8 Current Incentive Programs

The Business Revitalization Zone (BRZ) is an area within Red Deer's Downtown. All businesses within this zone pay a yearly business tax to improve and promote the BRZ as the preferred location for retail, professional and service businesses in the downtown. The Downtown Business Association (DBA) has developed a number of incentive programs to assist businesses in the BRZ. These programs include:

### 4.8.1 Façade and Shop Improvement Grant Program

This program, offered by the Downtown Business Association, provides a grant to property and business owners within the BRZ to invest in façade renovations and storefront upgrades. Tier 1 funding provides a grant equal to 33.3% of the costs of new signage to a maximum grant of \$1,000. Tier 2 funding provides a grant equal to 50% of the costs of eligible renovations up to a maximum grant of \$5,000 (or up to \$10,000 for buildings with two street-facing façades). Additional funding is available if costs are expected to exceed \$10,000. Businesses can be awarded 33.3% of amounts exceeding \$10,000 to a maximum of an additional \$5,000. Eligible projects are required to reflect principles of good design with reference to Red Deer's C1 Commercial District Development Design Criteria.

### 4.8.2 Crime Prevention through Environmental Design (CPTED) Grant Program

This program offers a grant to property and business owners within the BRZ to undertake lighting, access, and security improvements to counteract unwanted activity. The DBA will subsidize up to a maximum of 50% of the cost incurred by any business at the discretion of the DBA.

While the Façade and Shop Improvement Grant Program has been utilized by some property/business owners in the Downtown to good effect, it is a very small program that focuses only on façade improvement. As will be noted in the section on innovative and promising best practices later in this report, some municipalities wishing to promote larger scale downtown revitalization use a comprehensive approach to incentive tools.

## 4.9 AUMA Report on Brownfield Redevelopment

In 2011, Alberta Environment, Alberta Municipal Affairs and the Alberta Urban Municipalities Association (AUMA) agreed to explore practical options to encourage brownfield redevelopment throughout Alberta. A working group of stakeholder representatives, including municipal representatives from Calgary and Edmonton, was established. The goal of the working group was to develop a set of recommendations to facilitate redevelopment of brownfield sites in Alberta to a productive community use. The AUMA Working Group produced their report, "Practical Approaches to Achieve Productive Community Use", in April of 2012 as a set of recommendations to the Minister of the Environment and Sustainable Resource Development and the Minister of Municipal Affairs. The key recommendations contained in the report are outlined below.

While the AUMA Report notes that the Working Group views all the recommendations in the report as highly relevant for the development of an effective and comprehensive brownfield strategy in Alberta, the Working Group did assign priorities to the various recommendations in the report. A higher priority was assigned to those recommendations that will result in the most benefit for brownfield redevelopment in Alberta. In this context, the 11 recommendations in the AUMA report are presented as a set of stackable and integrated options that can be applied individually or together to help address the unique impediments to development presented by individual brownfield sites.

The recommendations in the AUMA report are organized into the following four clusters:

- 1) Liability closure;
- 2) Financial Incentives;
- 3) Coordination and education; and,
- 4) Risk management and registration.

#### **4.9.1 Liability Closure**

The two liability closure recommendations were identified as being the highest priority for implementation:

- #1 – Implement a Site-Based Remediation Certificate (SBRC); and,
- #2 – Implement a No Further Action Certificate (NFAC).

These recommendations directly address the lack of liability closure discussed under Section 3.1 on the EPEA in this report with regards to remediation certificates applying only to the part of the site that was remediated, and sites that meet a risk based standard where no remediation is required not being able to receive a remediation certificate.

#### **4.9.2 Financial Incentives**

According to the AUMA, the development of financial incentives was second in priority. The AUMA report recommends a number of incentive programs be established to help overcome the cost barriers associated with environmental site assessments, remediation/risk management plans, and environmental remediation. These incentive programs include;

- #3 – Amending the MGA to allow municipal council to provide property tax cancellations, deferrals or reductions for multiple years for brownfield redevelopment. This recommendation addresses one of the major weaknesses of S. 347/353 of the MGA, but does not address cases where the developer does not continue to own the remediated/redeveloped brownfield site;
- #4 – Establishing a grant program to offset costs for a Phase 2 ESA;
- #5 – Establishing a grant program to offset costs for conducting remediation, incenting development where it is otherwise not economical; and,
- #6 – Establishing a grant to offset the costs of preparing a Remediation or Risk Management Plan to further reduce the uncertainty relating to remediation costs.

With all of the above noted grants, the AUMA report recommends a provincial source of funding and that the grants be offered on a province wide basis. The report identifies grant types 3 and 4 above as the most important incentive programs. However, based on the limitations of using the tax cancellation, deferral and reduction provisions in the MGA to promote brownfield redevelopment (as described in Section 3.2), it may be preferable for the Province to simply encourage local municipalities to provide grants for this purpose while partnering with local municipalities to fund these grants, and/or as suggested in the AUMA Report, actually funding these grants from the Provincial budget.

### **4.9.3 Coordination and Education**

Coordination and education was seen as the third priority by the AUMA. The AUMA report notes that there is a need for education respecting remediation and brownfield redevelopment. Therefore, the report recommends that the Province:

#7 – Establish a provincial Brownfield Coordinator Office to facilitate implementation of the recommendations in the AUMA Report. The Brownfield Coordinator would also build capacity through the delivery of presentations, workshops and developing guidance documents. The Coordinator would also administer provincial grant programs.

#8 – Develop and implement a province wide education program for stakeholders on the remediation certificate program, exposure control/risk management and the brownfield redevelopment process.

Recommendation #8 was seen as the most important of the education recommendations. The Province of Ontario established a brownfield coordination office and position many years ago operating out of its Ministry of Municipal Affairs and Housing. While this office was initially somewhat successful in educating and connecting local municipalities on brownfield redevelopment best practices, the office had virtually no impact on the internal ability of the Province of Ontario to affect positive change to its contaminated sites legislation and regulations or the Province's ability to deal with RA/RM based approaches to contaminated sites. With staff changes and reduced resources, the Brownfield Coordinator's Office in Ontario eventually lost any momentum that it may have had and faded away.

### **4.9.4 Risk Management and Registration**

Risk management and registration was seen as the fourth priority by the AUMA. Their report notes that recording or registering various instruments that inform potential purchasers and the public of site conditions could facilitate brownfield redevelopment. The report recommends that the Province:

#9 – Make Risk Management Plans (RMP) a more viable option for brownfield redevelopment by clarifying the process for Alberta Environment to accept RMP and ensure that the plans continue with land transfer.

#10 – Allow registration of RMPs on title.

#11 – Require registration of information on brownfield sites in a public accessible Environmental Information Registry.

#### **4.9.5 Future Considerations**

The AUMA Report also identified several areas that could benefit from further review in the future. For example, the report identified that while municipal governments do have regulatory liability protection under the EPEA as a “person responsible” and limited civil liability when exercising municipal powers, there are no exemptions from civil liability if land acquired by a municipality through dedication is affected by contamination. Furthermore, the report recommends that the Province consider extending the same civil liability protection had by Alberta Environment to municipalities in regard to municipal planning and development approvals on brownfield sites.

The AUMA report notes that the MGA does not allow a CRL to be used for remediation costs incurred by a private developer. The review of the MGA contained in Section 3.2 herein suggests that the ability of municipalities in Alberta to use the CRL to pay for remediation costs incurred by a private developer is not clear. Regardless, the AUMA report suggests that a change in regulations be made to allow the levy to apply to private sector remediation costs. Since this issue is not clear in the MGA, if the Province continues to allow municipalities in Alberta to use the CRL tool, then the recommendation to allow the levy to apply to private sector remediation costs should be supported.

The AUMA report also suggests that the Province establish a Municipal Brownfield Fund that allows municipalities to borrow funds from the Province in order to provide these funds as grants to brownfield redevelopment projects. The loans would then be repaid by municipalities to the province using the uplift on property tax that results from the redevelopment project. Again, this recommendation should be supported by the City of Red Deer.

Finally, the AUMA report suggests that the Province investigate providing an exemption from the education tax on redeveloped brownfield sites as the education tax represents approximately 40% of the total property tax. Again, because of the inherent limitations on the use of tax cancellation, deferral and reduction in the MGA for brownfield sites where the developer remediating the site is not the long-term owner of the site, it is not clear that this recommendation would make a significant positive difference for most brownfield redevelopment projects, but the recommendation should nevertheless be supported by the City of Red Deer.

In reviewing the 11 recommendations contained in the AUMA report on Brownfields, on balance, they represent a comprehensive set of recommendations that if implemented, would certainly help promote the redevelopment of brownfield sites in municipalities across Alberta. These recommendations would provide for enhanced liability closure, funding for environmental site assessments and remediation, better understanding of the tools available to promote brownfield

redevelopment, better coordination of environmental approvals, and an enhanced ability to use risk management to deal with brownfields.

The City of Red Deer should strongly support the recommendations in the AUMA Report. In particular, the City should support the recommendations around liability closure and provincial ESA and remediation grants as these would certainly help the City attract redevelopment interest to brownfield sites in Red Deer. The establishment of a Municipal Brownfield Fund by the Province would also allow the City of Red Deer to access this fund in order to provide grants for private sector redevelopment of key brownfield sites in the Downtown. Therefore, it is recommended that the City of Red Deer contact its municipal counterparts such as Calgary and Edmonton, and the AUMA, to obtain an update on the progress on recommendations contained in the AUMA Report. The City of Red Deer should also participate and partner in any efforts by Alberta municipalities to advance the recommendations contained in the AUMA report.

## 5.0 Innovative and Promising Best Practices

This section of the report reviews innovative and promising best practices used by other municipalities in Alberta and across Canada to stimulate redevelopment of underutilized sites, including brownfield and greyfield sites. Emphasis was placed on examples from Alberta, but best practices from other jurisdictions that could be adapted to Alberta's legal framework were also examined. Also, there are not currently many municipalities in Alberta using financial incentives or some of the other best practices to promote downtown revitalization or brownfield redevelopment.

A municipality may utilize a variety of tools to promote the development of underutilized sites in its downtown. Based on the best practices review, these tools fall into the following six categories:

- 1) Land Development Inventories and Databases;
- 2) Planning Review and Approvals;
- 3) Education and Capacity Building;
- 4) Financial Incentive Programs;
- 5) Municipal Leadership;
- 6) Marketing and Promotion.

The results of this best practices review suggests the municipalities that have been most successful in promoting development of underutilized sites, including brownfields, use several of these approaches as part of a comprehensive strategy to encourage downtown revitalization. The results of the best practices review are summarized below. Where these best practices could be adopted or adapted for use by the City of Red Deer to achieve the downtown revitalization goals and objectives identified in the GDAP, this has been noted. Also, some of these best practices may also be at least partially already in place in Red Deer and/or reflected in recommendations contained in the Economic Development Strategy or the GDAP. Where this is the case, it has been duly noted.

### 5.1 Development Site Inventories

Some municipalities in Canada have developed and maintain an inventory of vacant development lands, brownfields, parking lots, and underutilized lands in their downtowns. Typically, these inventories include basic property information such as lot size and dimensions, servicing, zoning, heritage status, current land use, and land use restrictions.

For example, the City of Saskatoon maintains a comprehensive inventory of undeveloped land, which also includes surface parking lots.<sup>39</sup> All lands that fall into these "undeveloped" categories is considered vacant. The inventory includes the following information about vacant sites:

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<sup>39</sup> <https://www.saskatoon.ca/business-development/planning/neighbourhood-planning/vacant-lot-adaptive-reuse-strategy>

- Civic Address
- Site Area
- Neighbourhood
- Zoning Designation
- Legal Land Description

The inventory is limited only to established neighbourhoods (infill sites only), and excludes any sites that are considered to be undevelopable (e.g. walkways, right-of-ways, and other residual parcels). The inventory also excludes all ownership information. This is to ensure compliance with Federal and Provincial privacy legislation. The Inventory is regularly updated following the internal update of the property use information as part of the property assessment cycle.

In some cases, these vacant land inventories also can include historical land use information and even basic environmental information. However, municipalities should be careful to label such inventories or even individual properties within such inventories as “potentially contaminated” or as “brownfields” because doing so could attract liability.

While inventories of potential development sites do have some information value, one of the best practices observed in a few municipalities is how they use and package this information to attract investor and developer interest to these sites. A number of municipalities in Ontario (Napane, Niagara Region, Fort Erie, Welland) have collected property information for vacant and underutilized sites, and not only put this information into an inventory format, but they have also developed evaluation frameworks to rate the development potential of these sites. This information is then used to assist in prioritization of sites for municipal efforts and programs that promote redevelopment of these sites. Furthermore, some of these municipalities, such as Niagara Region, Fort Erie and Napane have also used the inventory information to prepare customized site marketing packages to help attract investment and development interest to these sites. (see Appendix C for an example from Downtown Napane).

As part of Downtown Red Deer’s IAP, an inventory of underutilized sites in Downtown Red Deer known as the “Investment Opportunities Inventory (IOI)” was prepared. This Inventory and associated information has been published under separate cover. It is recommended that City staff review the sites contained in this IOI and determine the types of land uses and maximum densities that the City would accept on each site.

## **5.2 Planning Policy, Review and Approvals**

As noted earlier in this report, a review of the policies in Red Deer’s Municipal Development Plan and the standards in the City’s Land Use Bylaw found them to be fairly supportive of densification. There is no maximum building height in the C1 District and the Development Authority shall have discretion in reviewing building height based on the impact of the proposed building on surrounding properties and the streetscape. While there is a newer 12 storey office building in the Downtown, there are minimal residential or mixed use buildings in the C1 District over four storeys in height.

Parking does not have to be provided in the C1 District, except for residential development, which must provide parking as per the residential parking requirements in Table 3.1 of the Land Use Bylaw. However, the Land Use Bylaw allows a reduction of the parking requirement where the applicant can demonstrate that there is complementary or overlapping uses of the parking facilities that would warrant a reduction in the parking requirements.

A 2012 study of redevelopment in Edmonton notes that parking requirements in municipal zoning bylaws can act as impediments to redevelopment<sup>40</sup>. This study found that several municipalities across North America have been phasing out outdated parking minimums, as well as introducing parking maximums. For example, Comox, B.C. and several other Canadian and U.S. municipalities offer optimized parking standards in their downtowns. The Edmonton study also noted that an Edmonton-based greyfield redevelopment project failed largely due to community opposition over the developer's request for parking standard relaxation. Interviewees representing different sides of the debate agreed that the net result of the project not going ahead has been far more of a detriment for the community than the impact of additional cars without off-street parking spots would have been.<sup>41</sup> This 2012 study noted that previous research on Edmonton's restrictive parking standards suggested a comprehensive re-evaluation of minimum parking requirements for the entire city, not just for the main downtown area, should be considered, and the 2012 study concluded that current parking requirements within the City of Edmonton can be overly restrictive, and act as an impeding factor for the redevelopment of greyfield sites.

As shown in Figure 3 below, a comparison of parking requirements for residential development in the downtown districts of Red Deer, Lethbridge, Medicine Hat and Grand Prairie<sup>42</sup> shows that parking requirements for residential use in Downtown Red Deer are more onerous than the comparator municipalities with the exception of Grand Prairie which is very similar to Red Deer, except for Grand Prairie requiring fewer parking space for visitor parking. The requirement for parking in residential developments in Downtown Lethbridge and Downtown Medicine Hat is significantly lower than in Downtown Red Deer. Downtown Red Deer's IAP's Parking Study (Phase 1, Focus Area 2 deliverable) recommends that the Land Use Bylaw minimum parking requirement for residential development in the C1 District be reduced to 1 stall per residential unit, as opposed to tying the requirement to the number of bedrooms and that the visitor parking requirement be lowered to 0.08 stalls per unit, especially for high density residential developments.

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<sup>40</sup> Onishenko, D. 2012, p. 66.

<sup>41</sup> Ibid.

<sup>42</sup> These are the same comparator municipalities chosen for the Phase 1, Focus Area 3 Report on retail, residential, commercial, and office recruitment in the Greater Downtown.

**Figure 3 Land Use Bylaw – Downtown Residential Parking Requirements**

<b>Number of Bedrooms</b>	<b>Red Deer 3357/2006 C1 District</b>	<b>Lethbridge 5700 C-D District</b>	<b>Medicine Hat 4168 MU-D District</b>	<b>Grand Prairie C-1260 CC District</b>
<b>1</b>	1.0	1.0	0.0/0.5 <sup>43</sup>	1.0
<b>2</b>	1.5	1.25	0.0/1.0 <sup>44</sup>	1.5
<b>3</b>	2.0	1.25	0.0/1.0 <sup>44</sup>	2.0
<b>Guest parking</b>	0.20 stalls per unit		0.0	0.15 stalls per unit

Source: Land Use Bylaws as noted and as made available on municipal website.

The complexity and time required to navigate the planning approvals process on a major downtown redevelopment project (or even a minor one) can be significant. This process can be further complicated when dealing with a brownfield or even a greyfield site. Interviews conducted with key stakeholders in Ottawa, Welland and Niagara Falls, Ontario during the preparation of the brownfield redevelopment strategies for these three municipalities found that the time and complexity of the planning approvals process was cited as a significant impediment to brownfield redevelopment<sup>44</sup>.

The number one barrier to redevelopment mentioned by those interviewed for the study of greyfield development in Edmonton was “administrative hurdles”. Those interviewed cited “internal inconsistency which slows down the approval process” and that the municipal administration “[goes] back and forth with changes, coming up with a new set of changes after resubmitting for the first ones. The study notes that this may indicate indecisiveness to make a major a decision, or even just continuing changes forced by a backlog of different departments who address it at different times.<sup>45</sup> A few comments similar to this were made by key stakeholders regarding the City of Red Deer’s planning review and approvals process and it suggests that the City’s planning approvals process could be further streamlined. These comments are discussed in Section 6.1 of this report.

A number of municipalities across Canada have established so called “one-window” approach to the processing of planning applications. Typically, this involves merging or closer alignment between planning and building services, pre-consultation, assignment of one staff person to be the single point of contact on the application, circulation of development applications to various city departments, and comments relayed to the applicant through the single point of contact, and a one-window permit location/centre for all planning, building and other permits.

<sup>43</sup> Section 5.4.2(i) of Medicine Hat Bylaw #4168 indicates that development in the MU-D District does not have to provide parking. The additional figures shown here are for residential uses outside the MU-D District.

<sup>44</sup> RCI Consulting, 2007. Brownfields Discussion Paper, prepared for the City of Calgary.

<sup>45</sup> Onishenko, D. 2012, p. 64.

In order to increase developer interest on downtown sites, municipalities can also develop and implement adaptable planning tools. Support for downtown revitalization and redevelopment, including brownfield and greyfield redevelopment, in higher order planning and policy documents is important. As discussed in Section 4.0 of this report, the City of Red Deer's has very supportive policies in its Municipal Development Plan, Economic Development Strategy and the Greater Downtown Action Plan. However, as noted by Onishenko, what is sometimes found to be lacking in some municipalities is "some of the implementation components".<sup>46</sup> For example, an adaptable zoning tool could theoretically speed up the development approvals process.<sup>47</sup> Furthermore, potential flexibility in zoning may also help with staged development on larger downtown and brownfield sites allowing the developer to better respond to the market should it change over the period of the development.<sup>48</sup>

Because the City of Red Deer is trying to promote more higher density residential development and mixed use in its Downtown, the best practices in other municipalities suggest that the City should review the residential parking requirements, and other requirements in its Land Use Bylaw as they apply to the C1 District to determine if these requirements can be made less stringent or and/or more flexible in order to promote higher densities of development, especially mixed-use development. In fact, Strategy F1 of the EDS recommends that the City use the zoning and permit approval process to achieve higher densities of development in the Downtown, especially in mixed use developments.

Another thing to remember is that a municipality that provides financial incentives has additional leverage to obtain desired planning and site improvements as part of the requirements of the financial incentive that could not otherwise have been obtained through the standard planning approvals process.

### 5.3 Education and Capacity Building

Best practices and literature on the subject of education around downtown revitalization found that there are a number of ways that local municipalities can increase their capacity to facilitate, promote and participate in downtown revitalization. For example, municipal staff involved in the planning approvals process, brownfield redevelopment and economic development for the downtown can take advantage of opportunities to attend courses, seminars, conference sessions and workshops that specialize in downtown revitalization and brownfield redevelopment. Therefore, City of Red Deer staff should be encouraged to attend conferences, seminars and workshops on downtown revitalization and brownfield redevelopment and explore and adapt the planning, incentive, and economic development best practices and techniques learned at these educational opportunities to implement the strategic recommendations contained in Section 7.0 of this report.

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<sup>46</sup> Onishenko, D. 2012, p. 76.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

However, education is not just for municipal staff. For example, it is important to ensure that prospective developers understand the brownfield redevelopment process. The City of Saskatoon publishes an informative guidebook for developers on Redeveloping Brownfields in Saskatoon. This 30 page guidebook describes the process of brownfield redevelopment, strategies to help overcome the challenges of redeveloping brownfields, incentives available from the City, and provides a list of resources and environmental consultants. The City of Red Deer should consider preparing and disseminating a similar guidebook on the brownfield redevelopment process to the development industry and other interested parties.

It is also important for the City of Red Deer to raise awareness about the numerous benefits of downtown redevelopment and the opportunities for downtown redevelopment in Red Deer with the business and development community, both locally, but also in other areas of the Province and even outside the Province. One good way for the City of Red Deer to do this is to ensure that it has relevant and accessible information available on the development and business opportunities available in its Downtown. This includes basic information on planning and urban design for the downtown, incentive programs, public realm projects, downtown development success stories and key municipal contacts. This information can be provided in a variety of formats, including a significant and easily accessible online presence.

It is also very important that the City of Red Deer clearly communicate proposed and approved policy and program changes to key downtown stakeholders, including the Downtown Business Association (DBA), developers, and support professionals. This can be done through making presentations and holding information sessions and workshops for these key stakeholders.

## **5.4 Financial Incentive Programs**

Financial incentive programs have been rarely used by local municipalities in Alberta for the purposes of encouraging downtown and brownfield redevelopment. As explained in Section 3.2 of this report, this is at least in part due to the restrictive nature of the financial tools available to municipalities under the MGA. However, a few municipalities in Alberta have used some of the financial tools available under the MGA to offer incentive programs that promote downtown and brownfield redevelopment. Numerous municipalities in Ontario and a few municipalities in several other provinces are using financial incentives to promote downtown and brownfield redevelopment. The balance of this section examines these financial incentive best practices.

### **5.4.1 Downtown Redevelopment and Improvement Programs**

As previously mentioned, three municipalities in Alberta have passed CRL Bylaws to promote redevelopment of their central core areas, including Calgary (Rivers District), Edmonton (Capital City Downtown and Quarters Downtown) and Cochrane (Downtown). In all these municipalities, the CRL has been or will be primarily used to finance large infrastructure projects that are required for redevelopment of these areas. However, Edmonton's Capital City Downtown CRL does include a \$12 million central warehouse area housing incentive program. This program will

provide a \$10,000 grant for the first 1,000 units of medium density housing built on vacant land in Edmonton's Central Warehouse Area.<sup>49</sup> The use of a CRL in this way by a municipality in Alberta to promote higher density downtown housing is innovative in its own right, but what is most innovative about this incentive program is that the grant is dependent on the housing that is built meeting specific design and density requirements.

The City of Edmonton has definitely been the leader in Alberta when it comes to using financial incentive programs to stimulate downtown redevelopment, including brownfield redevelopment. For example, Edmonton offers the following incentive programs to assist property owners in BRZs to revitalize main street commercial areas:

- i) Multi-Unit Residential Development Grant provides a grant of up to \$12,000 per residential unit in a new mixed use development and up to \$7,000 per residential unit in a residential development;
- ii) Retail and Commercial Business Interior Improvement Grant provides up to 50% of construction costs to a maximum grant of \$20,000 per building where the ground floor storefront has been vacant for at least 6 months; and,
- iii) New Retail and Commercial Building Development Grant provides a grant equal to 10% of the total construction value of a new retail or commercial building to a maximum grant of \$50,000 for a building that has a minimum construction value of \$250,000.

There are several best practices that can be taken away from the main street commercial area grant programs developed and offered by the City of Edmonton. First, the City of Edmonton has developed a suite of programs that provides funding for improvement to existing buildings and the construction of new commercial, mixed use and residential buildings on vacant and underutilized lots. This offering of a range of programs to address various downtown improvement needs and situations is a staple of municipalities who have successfully utilized incentive programs as one of the tools to revitalize their downtowns. Also, it is interesting to note that the City of Edmonton offers a significantly larger grant for residential units in mixed use projects than units in strictly residential projects. This is clearly an attempt on the part of the City of Edmonton to achieve mixed use, live-work objectives in its downtown by using financial incentives. Finally, the Retail and Commercial Business Interior Improvement Grant in Edmonton is only offered where a ground floor storefront has been vacant for at least 6 months. This program requirement is to help ensure that the grant is provided to building owners who are most economically in need of the funding and also helps to ensure the grant will have a significant "on-street" impact by filling vacant storefront commercial space.

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<sup>49</sup> City of Edmonton. 2011. Capital City Downtown Plan Office Consolidation. City of Edmonton 2011 International Downtown Association Achievement Awards Submission.

Medicine Hat also offers a comprehensive toolkit of incentive programs to promote revitalization in their Downtown Redevelopment Plan Area. These programs include:

- i) Commercial Development grant provides a grant of up to \$25,000 for major renovations of, or construction of, new commercial buildings;
- ii) Multi-Family Development Grant provides a grant of up to \$25,000 for redevelopment or new construction which creates four or more new residential units;
- iii) Live/Work Residential Grant provides a grant of up to \$5,000 for residential units connected to a commercial building;
- iv) Architectural/Visual Enhancement Grant provides a grant of up to \$5,000 for façade and exterior building improvements; and,
- v) Environmental Site Assessment and Remediation/Risk Management Grant provides a grant of up to \$50,000 per single project for ESAs, risk management plans and environmental remediation. In 2015, 16 properties in Downtown Medicine Hat were awarded a total of \$200,000 under this grant program.

Medicine Hat establishes a budget total amount to fund all the programs every year. IN 2015, the budget amount was \$200,000 and this amount was fully subscribed with 16 properties in the Downtown using the programs. The budget amount has been set at \$200,000 again for 2016. The program operates on a first come-first serve basis with applications being accepted from the start of the year. Applications are evaluated against program criteria.

Several interesting aspects of the incentive programs in Medicine Hat should be noted. First, the incentive programs available in Downtown Medicine Hat provide funding for commercial, residential and mixed use development. This represents a good mix of incentives designed to achieve their mixed use objectives and inject vibrancy into Medicine Hat's downtown. Next, similar to Edmonton, these grant programs are available for renovations, redevelopment and new construction. Finally, Medicine Hat also addresses brownfields in their downtown by including a separate program that provides grant funding for environmental site assessment, remediation and risk management. While the maximum grant amounts offered in Downtown Medicine Hat are relatively modest, their toolkit of incentive programs represents a comprehensive approach to stimulating downtown revitalization in its various forms.

Several other Alberta municipalities offer grant programs in their downtowns specifically to promote commercial and mixed use building façade and storefront improvements. These include:

- i) Crossfield which offers a matching grant for façade improvement of up to \$5,000 per business address;
- ii) Fort Saskatchewan which offers a matching storefront improvement grant program of up to \$2,500 per façade/storefront, up to \$5,000 for a corner building (both facades), and up to \$10,000 per commercial property (4 or more storefronts); and,

- iii) Sundre which offers a matching storefront improvement grant program of up to \$3,000 per façade/storefront, up to \$5,000 for a corner building (both facades), and up to \$5,000 per commercial property (4 or more storefronts).

While these maximum grant amounts are modest compared to the typical downtown incentive offerings from municipalities in say Ontario, these incentive programs address a key downtown improvement need (facades and storefronts) in these smaller Alberta communities.

The City of Saskatoon, Saskatchewan offers an incentive program known as the Vacant Lot and Adaptive Reuse Incentive Program in the established areas of its municipality, including the Downtown. This program is known as the Vacant Lot and Adaptive Reuse Incentive Program. This program applies to vacant buildings and vacant lots. The applicant chooses between a grant and a 5 year municipal property tax abatement. The maximum grant is up to:

- a) \$15,000 for 1 to 2 residential units;
- b) \$75,000 for multiple residential units; and,
- c) \$200,000 for commercial, industrial and mixed use.

One of the most innovative aspects of this grant program is that the actual amount of the grant/tax abatement awarded is based on a points system that awards points for inclusion of certain design and sustainability criteria derived from Saskatoon's Official Plan and Downtown Plan. The performance based aspect of this program could easily be adapted to Red Deer's downtown to reflect the design, sustainability and other important criteria contained in the GDAP, the MDP, the EMP, and the other current and future City policies and guidelines.

In British Columbia, revitalization tax exemption (similar to the CRL in Alberta) is a popular tool used by several municipalities to promote downtown redevelopment. Municipalities using this tool include Nanaimo, Maple Ridge and Comox. Some of the B.C. municipalities who use this tool tie eligibility for the tax exemption to economic, social and environmental targets. For example, the figure below shows the tax exemption offered by Comox in its downtown and clearly demonstrates that this incentive program is designed to achieve both higher densities and green building design. Again, this approach of incorporating key project performance criteria such as higher densities, quality urban design and green building practices can be incorporated into incentive programs designed to promote downtown revitalization and the development of underutilized downtown sites is very progressive, and adaptable to the Downtown Red Deer context to help Red Deer achieve well designed higher density development in its Downtown. Comox also offers building permit fee reduction and development permit fee rebates.

**Figure 4 Revitalization Tax Exemption in Comox, B.C.**

Density	Building Type	
	Standard Building	Built Green BC Silver Equivalent
3 storey	50% of assessment value increase exempted for 3 years	50% of assessment value increase exempted for 6 years
4 storey or higher	100% of assessment value increase exempted for 5 years	100% of assessment value increase exempted for 8 years

The Town of Mission in British Columbia has a comprehensive suite of financial incentives to stimulate investment in their Downtown core. These programs include:

- A 10 year Tax Exemption Program which freezes property taxes at the pre-development level for 5 years and then phases in the property tax increase over the next 5 years;
- Development Charges waived on renovations and new construction that achieves LEED Silver Certification;
- Façade Improvement Grant of \$2,000 on façade improvement projects that exceed \$15,000;
- Planning and building permit fees reduced by 50%;
- Relaxed building height restrictions and parking requirements; and,
- Reduced amount of community amenity contributions collected on developments with a residential component.

Finally, numerous municipalities in Ontario have considerable experience over the last 15 years in offering a wide range of incentive programs to promote downtown revitalization and redevelopment. These incentive programs in Ontario are typically offered through the preparation and adoption of a community improvement plan. These incentive programs include:

- i) Development Charge (off-site levy) reduction;
- ii) Tax Increment Grant (pay-as-you-go tax increment financing);
- iii) Façade Improvement Grants/Loans;
- iv) Building Improvement Grants/Loans;
- v) Heritage Improvement Grants/Loans (often included in Façade and Building Improvement Grants/Loans);
- vi) Residential Grants/Loans;
- vii) Urban Design Study Grants; and,
- viii) Planning and Building Permit Fee Reduction/Grants.

Figure 5 below shows the incentive program offerings of nine small to medium sized municipalities in Ontario. The development charge reduction, tax increment grants, and façade improvement grants are the most popular incentive tools, but the other incentive program types such as building improvement grants/loans, residential grants/loans, urban design study grants and planning and building permit fee rebates/grants are also very popular. The typical amounts offered by Ontario municipalities for the various types of incentive programs they employ in their downtowns is shown below in Figure 6.

**Figure 5 Downtown Revitalization Incentive Programs in Small to Medium Sized Ontario Municipalities**

Type of Program	Peterborough	Welland	London	Grimsby	Cambridge	Port Colborne	Owen Sound	Selwyn	St. Thomas
1) Development Charge (DC) Reduction	X	X	X	X	X	X	X		X
2) Tax Increment (TI) Grant	X	X	X	X		X	X	X	X
3) Façade Improvement Grant/ Loan	X	X	X	X	X	X	X	X	X
4) Building Improvement Grant/ Loan		X	X		X		X	X	
5) Residential Conversion/ Intensification Grant/ Loan	X	X		X		X		X	X
5) Urban Design Study Grant		X		X	X	X		X	X
6) Planning and Building Permit Fee Grant/Refund	X	X			X	X	X	X	X

**Figure 6 Typical Downtown Revitalization/Redevelopment Incentive Program Offerings in Ontario Municipalities**

Program Type	Description
Development Charge (DC) Grant	Between 50% and 100% Dc reduction
Tax Increment Grant	Between 70% and 100% of municipal property tax increase paid as an annual grant for between 5 and 10 years
Façade/Building Improvement Grant/Loan	Most municipalities offer grants, some offer loans, while a few offer both grants (façades) and loans (building). Grants are typically matching. Façade grants range from \$5,000 to \$15,000 with additional \$5,000 to \$10,000 for side and/or rear façades. Some municipalities offer a separate program or an additional \$5,000 to \$10,000 for heritage façade/building improvements. Loan is typically for 50% to 70% of eligible costs to a maximum loan up to \$20,000 per building.
Residential Grant/Loan	Available for renovation to existing residential units, conversion of vacant/underutilized space in commercial and mixed use buildings to residential space, or construction of new residential units. Most municipalities offer grants, some offer loans, while a few offer both. Grants typically range from \$5,000 to \$15,000 per unit. Loans typically range from \$10,000 to \$20,000 per unit.
Urban Design Study Grant	Matching grant between \$1,000 and \$2,500
Planning and Building Permit Fee Grant/Rebate	Between 50% and 100% with some municipalities capping grant at \$5,000.

The Smarter Niagara Incentive Programs (SNIP) in Niagara Region, Ontario is a good example of municipalities that have utilized incentive programs to promote downtown redevelopment and improvement. Eleven of the 12 municipalities in Niagara Region offer incentive programs in their downtowns. Between 2004 and 2013, these municipalities collectively approved over 250 applications for the various types of incentive programs that they offer. This has resulted in approximately 40 residential conversion/infill projects creating 1,250 new residential units. There have also been over 120 façade and building improvement projects and over 50 heritage restoration and improvement projects. With over \$73 million in total private sector investment leveraged by \$7.2 million in municipal incentive program funding just between 2004 and 2009 (the early years of the programs), the SNIP boasts an impressive 9 times leverage ratio.

It is quite possible that there are now over 100 municipalities in Ontario that offer some form of incentive program to promote downtown revitalization. Similar to their western counterparts, most of these municipalities in Ontario offer a mix of incentive programs to address the improvement of existing buildings and construction of new buildings and the desire to promote mixed use in their downtowns. Most municipalities in Ontario who have these incentive programs tie program eligibility to conformity with design guidelines, and some of these municipalities also tie their incentive programs (eligibility, amount of funding) to specific land uses and sustainable, energy efficient and green building design.

While Strategy E7 in the EDS recommends the City explore the feasibility of deferring fee and utility payments for business start-ups, the best practices review of successful municipal incentive programs to promote new businesses and development in downtowns suggests that far more comprehensive incentive programs are required to effect downtown revitalization.

#### **5.4.2 Brownfield Redevelopment Programs**

Very few municipalities in Alberta offer incentive programs to promote brownfield redevelopment. In fact, information could be found on only one program offered by the City of Edmonton. The City of Edmonton initiated its Brownfield Redevelopment Grant Program as a pilot project in 2006 with limited success. The official program was launched in 2011 and retooled in November of 2014.

The program includes the following eligible costs:

- Environmental consulting fees;
- Environmental remediation;
- Groundwater management and disposal;
- Excavation and handling of clean soil;
- Landfill tipping fees;
- Backfill and compaction of imported fill;
- LEED Silver Certification expenses and other discretionary costs.

The programs offers the following grants:

Phase I – 80% of the cost of a Phase I ESA to a maximum grant of \$5,000;

Phase II – 80% of the cost of a Phase II ESA to a maximum grant of \$80,000;

Phase III – 50% of the cost of remediation (100% if LEED Silver or better) or the net municipal property tax increase (uplift) over 6 years, whichever is less, dispersed in 6 annual grant payments; or,

Phase IV – 80% of the cost of remediation and exposure control (risk management) to a maximum of \$200,000.

An applicant may apply for one or more grants for different phases but grants will not be issued for both Phase III and Phase IV of any one project. In other words, each project may be eligible for a Phase III or Phase IV Grant but not both. There is a \$5 million annual cap on the program.

The amount of the grants provided for Phase I and Phase II ESAs far exceed similar grants provided by the most progressive municipalities in Ontario or anywhere else in Canada. The Phase III Grant is modest in comparison to brownfield tax increment grants offered by municipalities in Ontario, but there is the ability to increase the grant to 100% if the project achieves at least LEED Silver Certification. With a maximum of \$200,000, the Phase IV Grant is likely to benefit smaller and medium sized remediation or risk management projects, but the advantage of this program is that the grant is advanced in installments during the remediation/risk management project instead of the developer having to wait several years to recoup remediation/risk management expenses via an annual tax increment grant payment.

The City of Edmonton actively supports and promotes its Brownfield Redevelopment Grant Program. The City starts by providing potential applicants with a comprehensive program guide (including the sample grant funding agreement) and eligible cost template excel spreadsheet. Then the City proactively markets the program. After relaunching the program in November of 2014, City of Edmonton staff went out to key stakeholders to promote the program. For example, in November of 2014, City staff spoke on the relaunched program at a breakfast presentation of the Canada Green Building Council held in Edmonton. The City also supports its Brownfield Redevelopment Grant Program by providing applicants with an Environmental Site Assessment Guidebook which outlines the City's Phase I and Phase II ESA reporting requirements, and a Green Building Checklist which all applicants for new construction must complete and submit with their application.

Edmonton's holistic approach to its Brownfield Redevelopment Grant Program provides several best practices that can be adapted should the City of Red Deer develop and implement an incentive program to promote brownfield redevelopment. First, the City of Edmonton provides good information on its program and associated site assessment and remediation requirements. Next, the City promotes the program by speaking to industry associations and having links to the program guide and application form on its website. Third, the City of Edmonton provides an educational guide to potential applicants outlining the environmental site assessment and remediation requirements of the City. Finally, the City of Edmonton connects the Brownfield

Redevelopment Grant Program with its green building objectives by requiring applicants to consult the City’s Green Building Checklist.

Numerous municipalities in Ontario offer incentives to promote brownfield redevelopment, not only in their downtowns, but also in their older industrial areas and often municipality wide. Figure 7 below shows the most recent statistics (2012) collected by the Ontario Ministry of Municipal Affairs and Housing (MMAH) on municipalities in Ontario that offer brownfield redevelopment incentive programs and shows that 52 municipalities in Ontario offer a variety of brownfield redevelopment incentive programs. Of these 52 municipalities:

- 52% offer partial or total development charge reduction;
- 54% offer planning and building permit fee rebates/grants;
- 58% offer ESA grants;
- 77% offer combined municipal and education property tax assistance through the Province’s Brownfields Financial Tax Incentive Programs (BFTIP); and,
- 96% offer pay-as-you-go tax increment grants.

**Figure 7 Municipal Brownfield Redevelopment Incentive Programs in Ontario**

Type of Financial Incentive Program	Number of Municipalities	% of all Municipalities (52) with Brownfield CIPs
Tax Increment Grant	50	96%
Tax Assistance	40	77%
Environmental Study Grant	30	58%
Planning/Building Fees Grant	28	54%
Development Charge Reduction/Exemption	27	52%
Façade Grant/Loan	21	40%
Rehabilitation and Redevelopment Grant/Loan	2	4%

Source: Ontario MMAH, 2012.

In order to determine the potential effectiveness of these types of municipal programs, the oldest brownfield incentive program in Ontario, Hamilton’s Environmental Remediation and Site Enhancement (ERASE) Program was examined. This program was launched in 2001 and updated and expanded to cover the entire municipality in 2004. The program offers environmental study grants and a tax increment based redevelopment grant which can be converted to a development charge reduction. Over the period 2001 to 2014, the ERASE program approved 98 environmental study grant applications with \$850,000 in study grants provided by the City, and 30 tax redevelopment grants approved for \$17.1 million in from the City for these approved redevelopment grants. In total, between 2001 and 2014 the City of Hamilton invested almost \$18 million in its ERASE Program. This resulted in:

- 306 acres of brownfields being studied;
- Total construction expenditures of \$320 million;
- Approximately 500 new jobs (non-construction) being created; and,

- Over 300 new residential units being constructed with some of those in the downtown; and,
- The City of Hamilton receiving national recognition with numerous planning and economic development awards.

The City of Hamilton ERASE Program continues to be a municipal best practices leader in the field of brownfield redevelopment incentive programs.

Strategy C7 in the City of Red Deer EDS<sup>50</sup> recommends that the City leverage brownfields for higher-density infill developments. The EDS notes that while the City already owns several brownfield sites in its land bank, it may need to create incentives for private brownfield site owners to remediate their contaminated properties, especially those in the Riverlands and Railyards districts. The EDS suggests that the City create incentives to attract owners of brownfield lands to remediate their properties.

## 5.5 Municipal Leadership

The City of Red Deer has demonstrated considerable leadership with its efforts to plan for and promote downtown revitalization through the GDAP prepared in 2000 and updated in 2008. This plan represents a comprehensive guiding framework for the City's downtown revitalization and promotion efforts. The City has led implementation of the GDAP by investing in public infrastructure including considerable underground infrastructure, streetscaping and lighting improvements in the Historic Downtown. The City also plays a significant role in land acquisition and assembly in the Downtown through its land banking program.

The City of Red Deer's Environmental Master Plan has also shown leadership with regards to promoting sustainability, and this plan was recognized with a Sustainability in Action Award from the AUMA. The City of Red Deer is also in the process of creating a Climate Change Adaptation Plan (CCAP) and a Community Energy and Emissions Plan (CEEP).

Review of best practices in other municipalities who have also been active leaders in their downtown revitalization efforts identified a number of municipal leadership best practices that the City can use to ultimately promote development of underutilized sites in its Downtown.

### 5.5.1 Land Acquisition and Preparation

Through its land banking program, the City of Red Deer has acquired a considerable number of vacant properties in the Downtown. Best practices in other municipalities note the importance of such strategic acquisitions. Experts<sup>51</sup> note that within a downtown redevelopment context, a municipality's 'land banking' program has important values well beyond immediate profitability. Foremost among benefits is acquiring property to eliminate blighting influences. In addition,

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<sup>50</sup> City of Red Deer Economic Development Strategy, p. 53.

Fish, K. Redevelopment Resources Newsletter. May 2014. <http://redevelopment-resources.com/newsletters/may2014.html#LETTER.BLOCK6>

eliminating deteriorating buildings and vacant land will stem blights' metastasizing effect on neighboring properties.

Fish notes that acquiring property is an essential function of community readiness. Because time frames for negotiating, acquiring, relocating business and residents, remediating contamination and land preparation can be lengthy, developers will usually place downtown proposals on a back burner unless they can see that sites are immediately available for development. Aside from the above considerations, land banking and eliminating deficient properties will also better enable communities to attract other investment on neighboring or nearby land. Some municipalities have developed informal or even formal criteria and guidelines for the acquisition of land in their downtowns. These guidelines help to ensure that development of the properties that are acquired will ultimately help the municipality achieve its objectives and plans for downtown revitalization.

Strategy F1 in the EDS recommends that the City of Red Deer strategically acquire and assemble lands in its land bank so that these lands can be offered to promote higher density development downtown, especially mixed use.<sup>52</sup> Similarly, Strategy F2 of the EDS recommends that the City use its land bank to help ensure that part of this higher density housing includes purpose built rental units. However, the prime objective of the land bank program should not be maximizing the sale price of City lands, but rather ensuring that projects that take place on land that the City releases from its land bank maximize achievement of the objectives contained in the GDAP, such as higher density housing, mixed uses and well-designed projects.

In addition to land banking, municipalities can also proactively play a leadership role in preparing and marketing land it has banked for development rather than waiting for developers to approach the municipality. Because the City of Red Deer owns a number of potential and known brownfield sites in the Downtown, it is important that the City acquire up to date environmental information on these sites in order that the City can have this information in hand when discussing and marketing these sites to developers. Strategy C7 of the EDS suggested that the City assess redevelopment in the Downtown annually, and if financially prudent, develop City-owned brownfield sites in accordance with the GDAP.<sup>53</sup>

Municipalities can also play a leadership role by upgrading servicing to properties they have banked as required, removing any buildings or structures that cannot be adaptively reused, and actively marketing these properties. However, in doing so, the municipality should be very strategic in evaluating which properties (including surplus City owned parking lots) that it should release for development and the timing of said releases. It is important that the timing and location of properties that are released to the market dovetails with servicing, transportation, streetscaping and other plans for the downtown, including the timing and location of servicing and public realm improvements.

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<sup>52</sup> City of Red Deer Economic Development Strategy. p. 65.

<sup>53</sup> City of Red Deer Economic Development Strategy. p. 53.

The Canadian Urban Institute (CUI) recently completed a study of downtown revitalization in ten cities across Canada.<sup>54</sup> One of the best practices the CUI identified is that municipalities can make better interim use of their land banked sites such as vacant lots and underutilized parking lots to improve the pedestrian experience and people’s overall impressions of the downtown.<sup>55</sup> The CUI notes that around the world cities are beginning to temporarily transform vacant lots into more humanized spaces that can both revitalize and differentiate the downtown core, until the market conditions are in place to achieve a major redevelopment.

Examples include street food programs as both a means to expand the cultural offerings of a city and to grow the local economy of small businesses and entrepreneurs. The CUI notes that Portland has had high-profile success with its city-wide food cart program, including a downtown cluster of about 20 vendors that form an interesting, attractive envelope around a large surface parking lot. In Red Deer, there is a group of roughly half a dozen food truck vendors that offer “Food Truck Friday” on a formerly underutilized site which is the current location of Cool Beans Coffee on Ross Street.

Parking lots can also be used for programmed events, such as farmers markets, e.g., Square One in Mississauga, Ontario, or outdoor cinemas. The CUI notes that similar initiatives are already underway in Edmonton and Saskatoon, yet these programmed events could be expanded to make use of publically owned parking lots, particularly on weekends. Fun events like PARKing day, born out of DIY urbanism, where citizens build small parks on to parking lots, are now worldwide and were successfully undertaken in downtown Victoria.<sup>56</sup>

Therefore, the City of Red Deer should review its policies around use of land banked properties and underutilized parking lots to determine if some of these properties can be used for interim uses such as farmers markets, street food programs, and outdoor events and activities (including winter events and activities). This recommendation could help achieve goals in the EMP such as increasing opportunities for local food production through a community garden stewardship initiative. This recommendation also dovetails with Strategy F3 in the EDS which recommends that the City use its land bank to promote events and activities that make downtown a year round destination, including a creating winter garden, opening a skating rink, establishing a public market, as well as trying out evening activities.<sup>57</sup>

It is important to remember that the City of Red Deer can also acquire land through municipal tax sales. As noted in Section 3.2 of this report, municipalities that take title to a property in a failed tax sale are not considered persons responsible under the EPEA and municipalities with some protection from civil liability in relation to the condition of property listed on a municipal tax

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<sup>54</sup> Canadian Urban Institute. May 2012.

<sup>55</sup> Ibid, p. 190.

<sup>56</sup> Ibid.

<sup>57</sup> City of Red Deer Economic Development Strategy, p. 67.

arrears list. This liability protection from civil liability does present some opportunity for municipalities in Alberta to be proactive in placing tax delinquent brownfield properties up for sale. If these tax sales fail, municipalities can then decide if they want to take ownership and/or possibly issue a request for development proposals on these properties. However, the municipality should have good information on the cost of environmental remediation and preparation of the property and development potential before making this decision. In other words, the City should consider and have an exit strategy as part of its acquisition of lands that have failed tax sale.

Finally, the City can also acquire land via expropriation. However, the purposes for which land can be acquired for expropriation are limited. Also, there is no process under the MGA or Expropriation Act to address contamination issues that arise during expropriation. Specifically, there is no mechanism to recognize costs for remediation or to disclaim assumption of environmental liability in the certificate of approval. This means that the municipality could become a responsible person for the contamination once it takes ownership of the expropriated property. Therefore, the acquisition of land by the City for land banking or development purposes through expropriation is not likely a viable strategy.

### **5.5.2 Infrastructure and Public Realm Improvements**

As previously noted, the City of Red Deer has been very proactive implementing infrastructure and significant public realm improvements in the Downtown to both prepare and promote this area for intensification and redevelopment. Section 3 of the GDAP specifies a number of transportation, pedestrian and public realm improvement recommendations. While the GDAP provides some conceptual guidance with respect to these public realm improvements, it is important that the City of Red Deer regularly review its infrastructure upgrading and public realm improvement plans and associated capital budgets to ensure that these plans will make improvements that will positively impact the marketability of strategic land parcels held by the City and private developers. In fact, the ability and degree to of which these improvements improve the attractiveness and marketability of underutilized sites in Downtown Red Deer should be a factor taken into consideration by City staff when evaluating the timing, location, and scale of transportation, pedestrian and public realm improvements in the Downtown. Where City staff determine that adjustments to servicing and public realm improvement plans are necessary to improve the effectiveness of the GDAP, these adjustments should be made and forwarded to Council for consideration.

### **5.5.3 Partnerships**

The literature and best practices in other Canadian municipalities demonstrates that partnerships are very important to the success of downtown revitalization efforts. The CUI notes that while building great relationships and strong partnerships is not easy, collaboration is critical to achieving an exciting, diverse and prosperous core. Several interesting partnership models were identified by the CUI in their study of Canadian downtown case studies and the CUI notes that these partnerships have helped generate increased investment and vitality. For example, in Downtown Halifax, the Strategic Urban Partnership provides a forum for

stakeholders to meet and discuss new developments and partnerships opportunities. This forum has been successful at connecting key stakeholders from different sectors and company backgrounds. Similarly, Edmonton created the Downtown Vibrancy Taskforce comprised of ‘blue ribbon’ businesses, community and social agencies that work together to prioritize and implement catalytic projects identified in the downtown master plan.

Winnipeg established the arms-length agency Centre Venture, which has had considerable success at forming the partnerships and conditions needed to realize major investments and redevelopment projects. Partnerships are also important to realizing the full potential of individual redevelopment projects. For example, the Woodward’s Building in Downtown Vancouver demonstrates a successful partnership between Simon Fraser University, the Goldcorp Centre for the Arts, the City of Vancouver and the wider community.

Therefore, it is important that the City of Red Deer readily explore and pursue potential partnerships with the Downtown Business Association, educational institutions, and other key organizations and institutions in the Downtown to help improve the investment climate downtown. For example, Strategy F6 of the EDS recommends that the City of Red Deer work with the DSB to ascertain how well downtown is serving its students, and explore ways that the presence of the school can help in the revitalization of downtown.<sup>58</sup>

It is also important that the City further explore public-private partnerships with developers and other interested organizations and institutions to develop and advance mutually beneficial redevelopment projects on underutilized City owned and privately owned properties in the Downtown.

## **5.6 Marketing and Promotion**

There are essentially two types of marketing and promotion that municipalities do in relation to downtown revitalization. The first is the general marketing of the downtown’s competitive advantages to targeted business types in support of business recruitment and retention. The best practices review and recommendations regarding this type of marketing for Downtown Red Deer can be found in the business prospects component of the Downtown Red Deer Business Targeting and Marketing Action Plan (Phase 1, Focus Area 1 deliverable).

The second type of marketing and promotion that municipalities do in relation to downtown revitalization is marketing targeted to existing property and business owners and developers in the Downtown, and investors and developers outside of the Downtown and outside of Red Deer. This type of marketing and promotion is more focused on the City’s downtown revitalization efforts, development opportunities and incentive programs available in the downtown, and is designed to attract development interest to underutilized sites in the Downtown, as well as generating interest among current building and business owners in the downtown to improve

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<sup>58</sup> City of Red Deer Economic Development Strategy, p. 70.

their buildings and storefronts. This type of marketing will become increasingly important as Red Deer continues to progress with implementation of its GDAP and possibly implements a number of the recommendations contained in the EDS and in this report. This type of marketing also complements the general marketing of the downtown's competitive advantages to targeted business types. Therefore, it is recommended that once the City has adopted this Phase 1, Focus Area 3 report, it develop a comprehensive program to market the City's downtown revitalization efforts, success stories, development opportunities and incentive programs (if applicable) to existing property and business owners and developers in the Downtown, and investors and developers outside of the Downtown and outside of Red Deer.

## 6.0 Workshop Results

As per the terms of reference for the Phase 1, Focus Area 3 report, two workshops were conducted. The first workshop, called a capacity building workshop, was held on October 14, 2015 with key stakeholders in Downtown Red Deer. Invited attendees included property owners, business owners, developers, and City staff. Approximately a dozen people attended this workshop. The purpose of this capacity building workshop was to:

- raise awareness of the benefits of downtown revitalization and developing underutilized sites in the downtown, including brownfield and greyfield sites;
- determine the most significant impediments to downtown redevelopment in Red Deer;
- review best practices in other municipalities; and,
- obtain input on the key strategies that should be used to attract development and investment to Downtown Red Deer.

The second workshop took place the next day on October 15, 2015. This was a workshop with City Council that covered the same topics as the capacity building workshop held with the key stakeholders the day before, but the strategies suggested by the key stakeholders to attract development and investment to Downtown Red Deer were then presented to Council, and Council members were asked to assign priorities to these strategies. The results of the stakeholder workshop are presented below.

### 6.1 Stakeholder Workshop

After a presentation by the consultant, the key stakeholders at the workshop were divided into two groups and asked to discuss and respond to the following two key questions:

- 1) What are the key impediments to investment in underutilized sites in Greater Downtown Red Deer?
- 2) What are the key strategies and best practices that should be pursued to attract investment and development to underutilized sites in Greater Downtown Red Deer?

#### 6.1.1 Key Impediments

The key impediments identified by the workshop groups to downtown redevelopment are listed below:

- Fear of environmental liability on brownfield sites as a result of current provincial legislation;
- Lack of certainty and timelines regarding the environmental review process;
- Lack of information on environmental conditions and remediation costs of sites;
- Costs of site remediation;
- Difficulty obtaining financing on brownfield sites;
- Lack of certainty regarding the City's plan review process and timelines for decisions;
- Lack of awareness of the development opportunities in the Downtown;
- While there are no off-site levies, there are numerous other "development associated fees";

- Fragmented land ownership;
- Perception of a safety issue downtown – perception .vs. reality?; and,
- Perception of a parking problem downtown.

### 6.1.2 Key Strategies

The stakeholders identified the key strategies shown in Figure 8 below for the City to pursue to attract investment and development to underutilized sites in Downtown Red Deer.

**Figure 8 Key Strategies Suggested at Stakeholder Workshop**

Strategy Description	Type
Develop more flexible zoning approach addresses density, parking standards, other requirements, i.e., more performance based zoning approach	Planning Review and Approvals
Clarify and streamline the planning application approvals process	Planning Review and Approvals
Review sites in the Investment Opportunities Inventory that is being prepared by the City and determine land uses that the City would accept on these sites	Planning Review and Approvals Municipal Leadership
Clearly communicate what the City can do to help repurpose underutilized Downtown sites	Education and Capacity Building Marketing and Promotion
Enhance the awareness of downtown revitalization and redevelopment and promote downtown development opportunities	Marketing and Promotion
Develop and implement a strategic program of financial incentives (grants) to promote development of underutilized sites and improvement of existing buildings	Financial Incentive Programs
Conduct environmental studies on City owned sites	Municipal Leadership
Play a more active role in assembling land in order to address land fragmentation	Municipal Leadership
Issue strategic requests for development proposals on municipally owned sites	Municipal Leadership
Demonstrate enhanced development flexibility on brownfield sites	Municipal Leadership

## 7.0 Strategic Recommendations

Based on the analysis contained in this report, including the review of the legislative and policy framework, best practices, and input received at two workshops, the strategies in Figure 10 below are recommended for implementation by the City of Red Deer to promote the development of underutilized sites in Downtown Red Deer. The strategies are divided by type into six (6) categories:

- A. Development Site Inventory;
- B. Planning Policy, Review and Approvals;
- C. Education and Capacity Building;
- D. Financial Incentive Programs;
- E. Municipal Leadership; and,
- F. Marketing and Promotion

The input from key stakeholders, Council and the best practices review was utilized to assign a priority of Highest, High or Medium to each of the strategic recommendations. The responsibility for implementation and potential indicators/variables to be monitored over time are also noted in Figure 10.

**Figure 9 Strategic Recommendations and Priorities**

Category	Strategic Recommendation	Priority	Responsibility	Monitoring Indicators/Variables
<b>A Development Site Inventory</b>				
	1. Prepare an Investment Opportunities Inventory (IOI) for the Downtown.	Very High	City of Red Deer	Ratio of maximum density/permitted density (Land Use Bylaw). Number and area of IOI properties developed annually, 5 year, 10 year. Residential units, commercial square footage, construction/ assessment value, increase in property taxes on each IOI property.
	2. Develop and apply an evaluation framework to the sites in the IOI to rate the development potential of these sites.	High		
	3. Utilize this information to assist in prioritizing the sites in the IOI in terms of preparation for development and marketing.	High		
	4. Review the sites contained in the IOI and determine the types of land uses and maximum densities the City would accept on each site.	Medium		

Category	Strategic Recommendation	Priority	Responsibility	Monitoring Indicators/Variables
<b>B Planning Policy, Review and Approvals</b>				
	1. Review the City’s planning policies and review processes, including but not necessarily limited to the MDP and Land Use Bylaw, to ensure that these policies and processes support the use of risk assessment and risk management for all land uses permitted in the Downtown.	High	City of Red Deer in consultation with local developers and the UDI.	Average development application approval times by type (simple, complex) – monitor over time. Number of violations of Community Standards Bylaw in Downtown – monitor over time.
	2. Review parking requirements in the Land Use Bylaw and reduce the minimum parking requirement for residential development in the C1 District and the visitor parking requirement as recommended in the Downtown Red Deer Parking Study.	High		
	3. Review other requirements in its Land Use Bylaw, such as but not limited to, densities and setbacks applicable in the Downtown (largely C1 District) to determine if these requirements can be made less stringent or and/or more flexible to promote higher density mixed-use development.	Very High		
	4. Clarify and wherever possible streamline the planning application and approvals process for downtown (especially brownfields), including the provision of prompt and coordinated comments on development applications in the Downtown.	High		
	5. Review the Community Standards Bylaw to ensure it provides adequate authority to encourage and require property owners to maintain their properties, including all buildings and structures.	High		
	6. Consider enhancing enforcement of its Community Standards Bylaw, whether or not it is reviewed.	Very High		

Category	Strategic Recommendation	Priority	Responsibility	Monitoring Indicators/Variables
<b>C Education and Capacity Building</b>				
	1. Continue to encourage City of Red Deer staff to attend conferences, seminars and workshops on downtown revitalization and brownfield redevelopment and adopt and adapt the planning, incentive, and economic development best practices and techniques they learn to the Downtown Red Deer.	Medium	City of Red Deer in consultation with local developers and UDI. DBA to assist with organization of capacity building events. Support professionals.	Number of downtown conferences/ seminars/ workshops attended by City staff. Best practices adapted to Red Deer. Brownfield redevelopment guidebook circulation and resulting enquiries. Availability of information on the downtown story, and resulting number of enquiries and results of those enquiries. Number of presentations, information sessions and workshops offered by the City, and resulting enquiries and results of those enquiries.
	2. Consider preparing and disseminating a guidebook on the brownfield redevelopment process to the development industry and other interested parties.	Medium		
	3. Ensure that basic information on the “downtown story” in Red Deer is provided in a variety of formats, including a significant and easily accessible online presence. This information should include planning and urban design requirements in the downtown, available incentive programs, public realm projects underway and planned, downtown development success stories, environmental policies, and key municipal contacts.	High		
	4. Clearly communicate proposed and approved policy and program changes to key downtown stakeholders, including the DBA, developers, and support professionals. This can be done through making presentations and holding information sessions and workshops for these key stakeholders.	High		

Category	Strategic Recommendation	Priority	Responsibility	Monitoring Indicators/Variables
<b>D</b> <b>Financial Incentive Programs</b>	<p>1. Develop and implement a strategic toolkit of incentive programs designed to promote development on underutilized sites in the Downtown. The incentive programs in this toolkit should primarily consist of grants that promote:</p> <ul style="list-style-type: none"> <li>a) Higher density residential development;</li> <li>b) Mixed use development;</li> <li>c) Brownfield redevelopment including environmental site assessment, remediation, risk assessment and risk management;</li> <li>d) Façade, signage and building improvement;</li> <li>e) Crime prevention through environmental design;</li> <li>f) Well designed, pedestrian oriented development;</li> <li>g) Sustainable and energy efficient development.</li> </ul> <p>This toolkit of incentive programs would replace the two incentive programs currently available in the BRZ, but the current programs should be left in place until the new programs are implemented.</p>	High	City of Red Deer in consultation with DBA. DBA to assist with marketing of incentive programs.	Number/type of applications approved and not approved. For approved applications, monitor and report the following annually: Grant/loan amount by type; Total construction cost; Increase in assessment value and property taxes; Square footage of commercial and institutional space rehabilitated/constructed; Number and square footage of residential units rehabilitated/converted/constructed; Square footage of commercial and institutional space rehabilitated/constructed. Number of new businesses occupying space 1 year post completion. Jobs created/maintained.

Category	Strategic Recommendation	Priority	Responsibility	Monitoring Indicators/Variables
<b>E Municipal Leadership</b>				
	1. Review the City’s policies regarding acceptance of risk assessed/risk managed lands dedicated to the City through the planning and development process, subject to appropriate environmental investigations being done and adequate financial assurances being put in place for said lands.	High	City of Red Deer. Other Alberta municipalities including Calgary and Alberta. AUMA.	Progress on AUMA Report on Brownfields recommendations. City contribution to advancing AUMA recommendations. Number and result of Phase I and II ESAs on land banked properties. Timing and number of properties released from City land bank. Development yields including indicators as per Category D above for properties released from land bank. Interim usage of land banked properties. Number and status of tax delinquent properties. Number of properties purchased and assembled. Average time from purchase to release for development for land bank properties.
	2. Contact municipal counterparts in Calgary and Edmonton to determine progress on the recommendations contained in the AUMA Report on Brownfields.	High		
	3. Participate and partner in any efforts directed at the Province by Alberta municipalities and the AUMA to advance the recommendations contained in the AUMA Brownfields Report.	Very High		
	4. Conduct Phase I and II ESAs on properties in the City’s land bank and strategically use this information to prioritize sites for marketing, sale and development.	Very High		
	5. Review the City’s process for releasing lands from its land bank to ensure that properties released from the City’s land bank for development: a) will help achieve the objectives in the GDAP, especially higher density housing, mixed uses and well-designed projects; and, b) are timed for release to dovetail with servicing, transportation, streetscaping and other plans for the downtown, including the timing and location of servicing and public realm improvements..	High		

	6. Review policies on the use of land banked properties and underutilized parking lots to determine if some of these properties can be used for interim uses such as farmers markets, street food programs, and outdoor events and activities (including winter events and activities).	Very High	<p>Results of existing/new partnerships with DBA and other key organizations.</p> <p>Results of public-private partnerships with developers and others.</p> <p>Number and type of RFPs issued for development Downtown, number of responses, and economic and other results of resulting development.</p>
	7. Proactively consider the acquisition of land through failed tax sale taking care to ensure that, wherever possible, the City has information on the cost of environmental remediation, site preparation, and market potential.	Medium	
	8. Consider playing a more active role in acquiring and assembling properties into larger development parcels in key strategic locations Downtown.	High	
	9. Regularly review infrastructure upgrading and public realm improvement plans to ensure that these plans will make improvements that will positively impact the marketability of strategic land parcels held by the City and private developers, and make adjustments to these plans and associated budgets as necessary.	Medium	
	10. Explore and pursue potential partnerships with the DBA, educational institutions, and other key organizations and institutions in the Downtown to help improve the investment climate.	Medium	
	11. Explore public-private partnerships with developers and other interested organizations and institutions to develop and advance mutually beneficial redevelopment projects on underutilized City owned and privately held properties in the Downtown.	High	
	12. Issue strategic requests for proposals (RFPs) for development on municipally owned sites in the Downtown.	High	

Category	Strategic Recommendation	Priority	Responsibility	Monitoring Indicators/Variables
<b>F Marketing and Promotion</b>				
	1. Prepare and disseminate information and marketing packages to help attract investment and development interest to the IOI sites and other sites in the Downtown.	Medium	City of Red Deer in consultation with DBA. DBA to assist with marketing and promotion.	Enquiries and development resulting from new information and marketing packages, website, marketing profiles, etc...
	2. Clearly communicate to developers, investors, property owners and business owners what the City can do to help repurpose and redevelop underutilized sites in the Downtown.	Medium		
	3. Once the City has adopted this Phase 1, Focus Area 3 report, develop a comprehensive program to market the City's downtown revitalization efforts, success stories, development opportunities and incentive programs (if applicable) to existing property and business owners and developers in the Downtown, and developers, investors and business owners outside Downtown of Red Deer.	High		
	4. Review the City's website to ensure that the information listed in Recommendation F3 above is easily accessible on the website.	High		
	5. Prepare and disseminate marketing profiles for key strategic City and privately owned development sites in the Downtown.	Medium		

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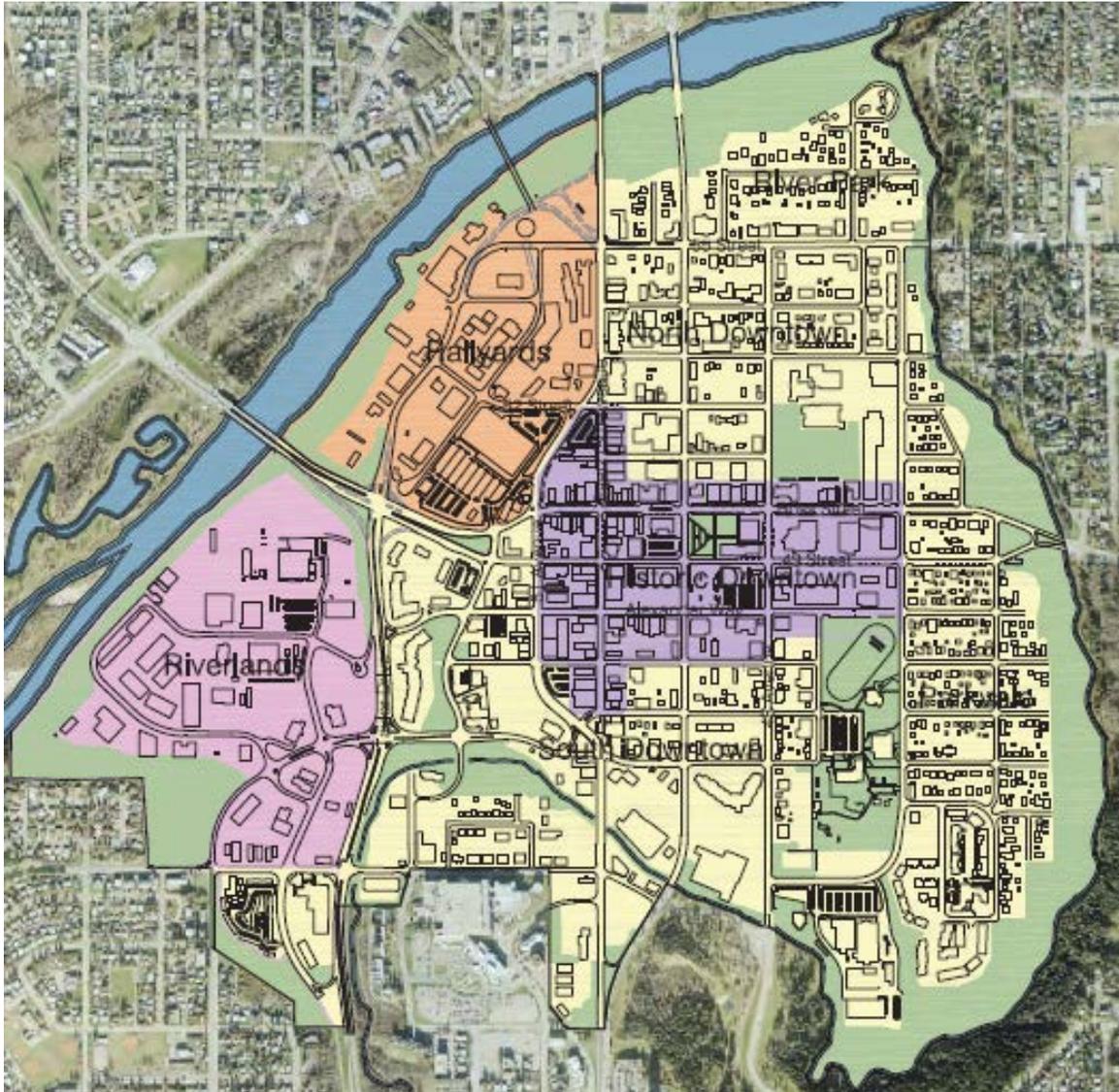
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# Appendix A

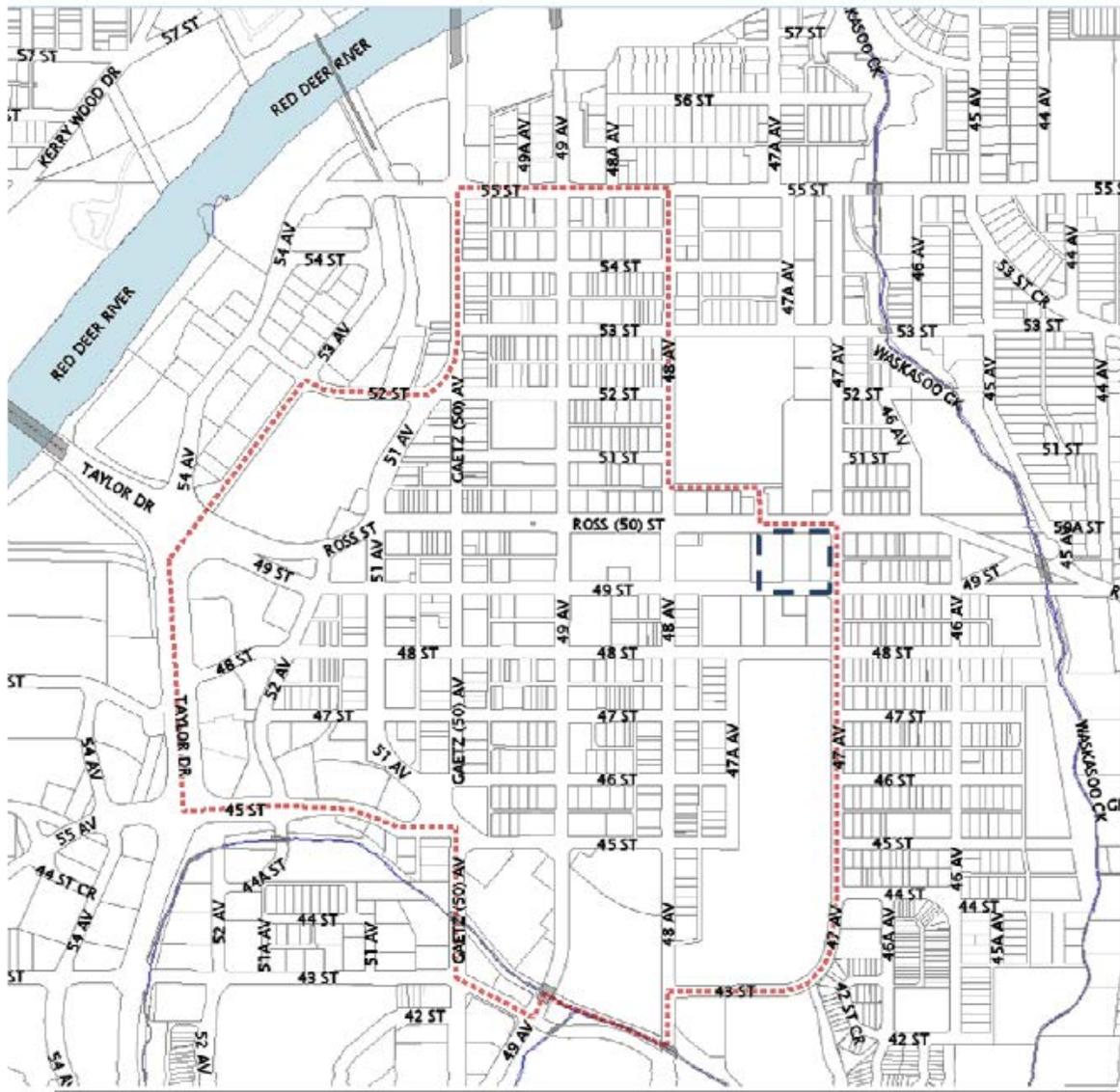
## Greater Downtown Boundary



# Appendix B

## Business Revitalization Zone Map

The map below outlines in red the area that falls within the BRZ.



## Appendix C

### Sample Marketing Package for Downtown Greater Napanee Site at Dundas Street West and Centre Street



A Greater Place To Invest - Dundas West at Centre Street

# Redevelopment Opportunities in Downtown Greater Napanee

Building business and community through revitalization

Downtown Greater Napanee has become the hub for social, economic and community activity for all of Lennox & Addington County. It is a downtown that continues to grow and prosper as more visitors, residents and investors discover all that there is to see, do and experience.



## Dundas West at Centre Street

1-11 Dundas Street West and 13-15 Dundas Street West, Greater Napanee, ON, Canada (1.21 developable Acres)

This dual property is at the heart of Greater Napanee's downtown core where Dundas Street West and Centre Street converge represents is composed of a large developable land (Site 1 A) as well as a existent and thriving 3-4 storey mixed-use buildings featuring six ground floor commercial units and 17 residential apartment units on upper floors (Site 1 B). The area is at the centre of Napanee's shopping and dining district, and is just blocks away from the scenic river front.

Site 1 A features 55 feet of frontage on Dundas Street (southward), 132 feet of frontage on Robert Street (westward) and 175 feet of frontage on Centre Street (eastward), allowing for as much as 8,700 square feet of ground floor development and 26 parking spaces. The space is zoned for mixed use first floor (50% commercial) and residential upper floors.



### Property Details

- Owner: Hogle Developments Ltd.
- Area of Site 1 A = 4,906 sq. metres (52,808 sq.ft.) – approximately 1.21 acres
- Area of Site 1 B = 716 sq. metres (7,707 sq.ft.) – approximately 0.18 acres
- Official Plan: Central Business District
- Zoning: General Commercial Zone C3
- Level of Servicing: Full services

### Property Value and Taxes

- Assessment value of Site 1 A in 2014 was \$121,000
- Assessment value of Site 1 B in 2014 was \$551,000
- Current taxes on Site 1 A totalled \$2,631.50 in 2014
- Current taxes on Site 1 B totalled \$17,190.98 in 2014

### Additional Details

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### Transportation information

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### Highest and Best Use

- Site 2 B would ideally remain as it is with its existing businesses and residential units
- For Site 2 A, the most likely redevelopment scenario is a mixed use 4-storey building on the eastern half of the site fronting onto Centre Street North, with the western half of the site being used for parking
- Ideal number of residential units are four on the first floor, rear half of the building, and an additional 28 on upper floors

*“A stroll down the clean, bright, inviting streets of downtown is an experience to be relished and coupled with the riverfront trail and two beautiful parks, demonstrates the irresistible draw Downtown Greater Napanee has on all who visit the community and is a venue ripe for further development and investment.”*

### Environmental Information (forthcoming)

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### Servicing specifications (forthcoming)

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### Permitted Uses

- Site 2 A is accessible from three different sides of the property
- The first floor of the building requires a minimum of 50% commercial space
- Greater Napanee Commercial Official Plan 4.6.4.2.2 identifies Permitted Uses as including but not limited to

*“The Town of Greater Napanee has a desire to enhance and increase residential, retail, professional and commercial density and overall square footage in the downtown core as part of its long-term community and economic development planning.”*



# Dundas West at Centre Street

## Greater Napanee's Highlights

Greater Napanee's downtown is vibrant, alive, active and growing. Over the past few years, thanks to a blossoming partnership between various community organizations and the municipal government, a true renaissance has transformed downtown Greater Napanee into a destination for both locals and visitors alike.

With a unique and diverse retail shopping environment, restaurants and cafes to satisfy every palate and taste, as well upscale, trendy personal care and wellness services - all situated in the heart of a heritage-rich built landscape.

- Greater Napanee's downtown is in the midst of a true renaissance as it becomes populated with unique boutiques, niche retailers, a variety of restaurants and cafes as well upscale, trendy personal care and wellness services.
- Residents of Greater Napanee enjoy first-class medical, recreational and educational facilities as well as a vibrant arts and culture scene.
- The Napanee River traverses the downtown, the highlight of which is a majestic waterfall in the shadows of the venerable 19th century elevated railway bridge. Two large public parks, a riverfront trail linking the two and boat docking and launching facilities add to the allure of Napanee's downtown waterfront.
- The Downtown Business Improvement Area, in partnership with the Napanee & District Chamber of Commerce and town council has instituted an impressive beautification and revitalization program for the core area of the community.
- The Town of Greater Napanee has a desire to enhance and increase residential, retail, professional and commercial density and overall square footage in the downtown core as part of its long-term community and economic development planning.

**Call to Action To Come – Lorem Ipsum So Dolor  
P: 123.456.789**



P: 123.456.7890  
F: 123.456.7890  
E: [someone@greaternapanee.ca](mailto:someone@greaternapanee.ca)  
[greaternapanee.ca](http://greaternapanee.ca)



P: 123.456.7890  
F: 123.456.7890  
E: [someone@lennoxandaddingtoncounty.ca](mailto:someone@lennoxandaddingtoncounty.ca)  
[lennoxandaddingtoncounty.ca](http://lennoxandaddingtoncounty.ca)