Overcoming barriers and facilitating brownfields redevelopment in the GTHA: A review of results from interviews with private sector stakeholders

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The Brownfields Problem

- *“Brownfields are underdeveloped or previously developed properties that may be contaminated. They are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict or vacant”* (PPS 2005)
- Canada
  - 2,000-30,000-100,000 brownfields
  - 4,400 Federal contaminated sites
  - 3.3% of urban land is brownfield (De Sousa 2006)
- United States
  - Over 400,000 to 1 million brownfields or 6% urban land (Simons 1998)

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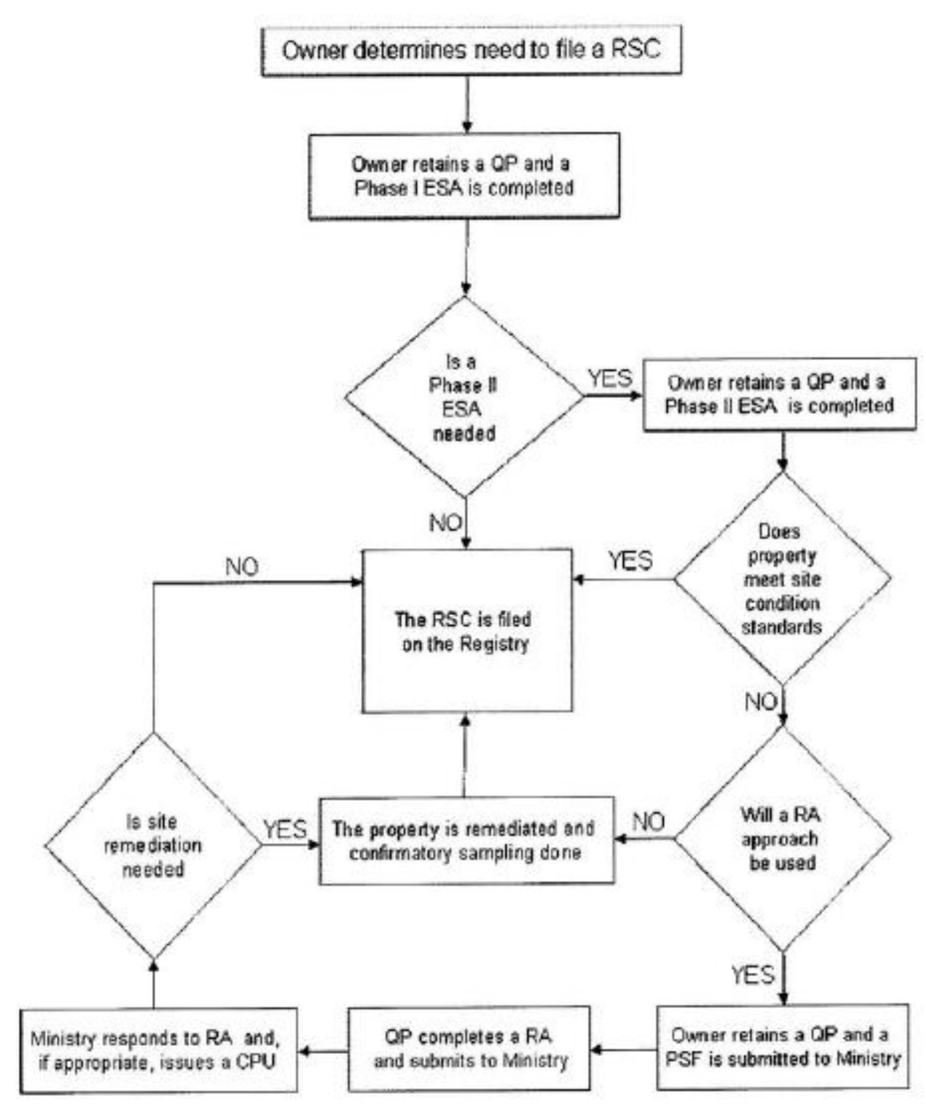
Ontario's Brownfields Cleanup and Redevelopment Process

- Key Dates
  - 1971 *Environmental Protection Act*
  - 1989 *Guidelines for the Decommissioning and Cleanup of Sites in Ontario*
  - 1993 *Interim Guideline for the Assessment and Management of Petroleum Contaminated Sites in Ontario*
  - 2001, 2004 *Brownfield Statute Law Amendment Act*
  - 2011 Amendments to RSC (Record of Site Condition) submission & environmental site assessment requirements
- Approaches to site remediation leading to RSC filing
  - Generic standards
  - Site-specific Risk Assessment (streamlined & full)
  - Conducted by a QP (Qualified Professional)



Research Objectives and Methods

- Objectives:
  - Identify current motivations and barriers to private sector redevelopment of brownfields in the GTHA
  - Examine the perceived effectiveness of policies, programs, and tools to foster redevelopment
  - Compliment ongoing research funded by SSHRC on the scale & character of brownfields redevelopment in Ontario, the public sector perspective, and project case studies
- Methods:
  - Personal interviews with 20 private sector stakeholders working on brownfields in the GTHA (8 developers, 3 landowners, 4 consultants, 5 supporting professionals including lawyers and lenders)
  - Closed-ended surveys voluntarily completed by 10 of the interviewees

Motivations

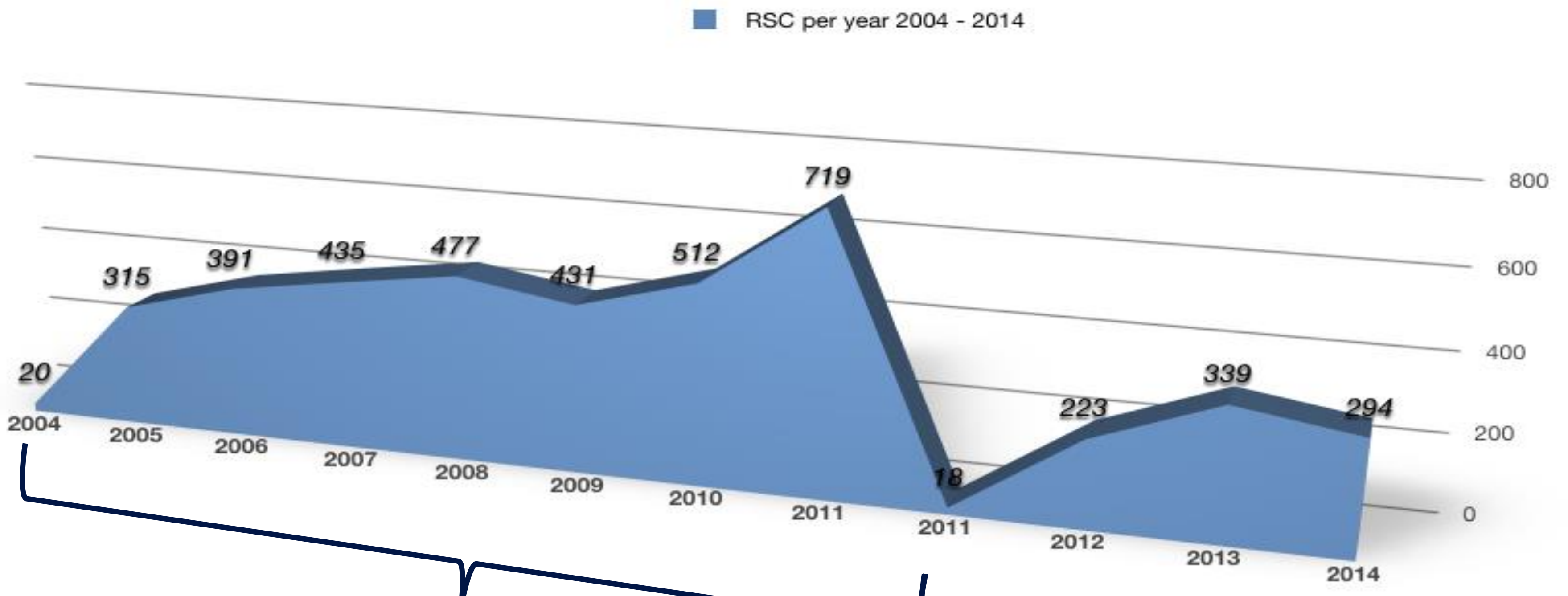
Private sector motivations are now focused more sharply on real estate market fundamentals (profit, market, location) and less on broader socio-economic and environmental objectives.

“we are increasingly attracted to well serviced infill sites in or near the core of the city that are close to amenities, transit, jobs, and interesting neighborhoods.”

“public policy is driving them to brownfields.”

Motivating Factors Identified by Interviewees	2015	2000	Rank
Profit	**9**	15	4.7
Market demand	**9**		
Location	**8**	9	4.7
Citizen interest/Public image	**6**	3	
Other (business/organization niche)	**6**		
Low land supply (greenfields)	**5**	2	
Municipal subsidies	**4**		3.8
Altruism (i.e. Personal reward of repurposing land)	**3**	6	3.4
Liability (prevent damages, fulfill land lease obligations)	**3**	10	3.1
Municipal policy concessions (i.e. Easier rezoning)	**2**		
Cheap land	**2**	6	4.0
Readily serviced lots	**1**		4.3
To conform with environmental regulations		7	2.7
To protect public health and safety		6	3.1
To avoid high development charges in periphery		6	2.8
To create jobs		3	2.3
To restore the tax base of government		3	1.9
To protect soil and groundwater resources		2	2

Trends: Records of Site Condition in Ontario 2004 - 2014 (De Sousa ongoing SSHRC)



3,300 RSCs
October 1, 2004 and June 30, 2011

874 RSCs
July 1, 2011 to December 31 2014

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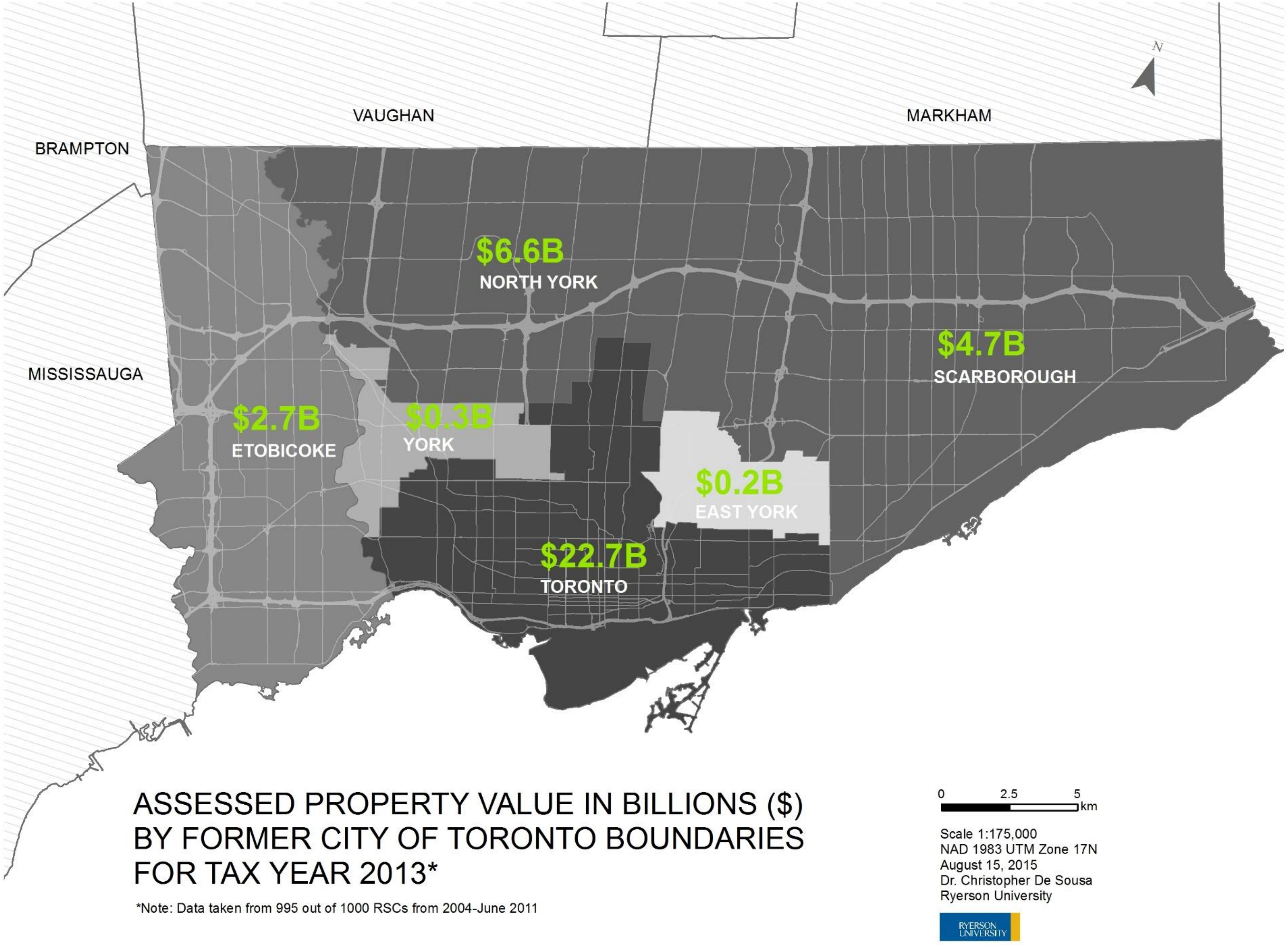
RSCs in the City of Toronto

Results based on 995/1000 RSCs from 2004-2011

- ✓ $37.1 billion in total assessed property value
- ✓ 2,867 acres
- ✓ 83,000 residential units



Barriers

Cost, liability, & time continue to be main barriers

"Institutional" barriers persist

"(SSRA) is a great idea, but the process is slow and uncertain; you can spend hundreds of thousands on it over a 1-1.5 year period and have no certainty of where it will go."

Provincial and municipal agencies still need to embrace a "*customer service*" and "*partnership approach*" wherein they "*understand and share costs and risks of developers,*" "*get up off their desks to visit sites,*" and "*move beyond their checkbox mentality.*"

PRIMARY BARRIERS IDENTIFIED BY INTERVIEWEES	**2015**	**2000 Rank**	**2015 Rank**
Cost	**15**	3.7	4.3
Liability (future & offsite)	**14**	4.3	3.8
Time	**11**		4.1
Risk Assessment process	**10**	3.4	3.3
Regulatory rigidity/contaminant complexity	**9**		4.1
Weak market demand	**8**		4.5
Contamination extent/migration uncertainty	**8**	2.3	3.7
Long general RSC timeframe/Difficulty of process	**8**	3.7	4.0
Lack of available financing & funding	**6**	3.2	4.0
Procedural changes	**5**		
Conflicts in Provincial Policy/Internal regulatory bodies	**5**		
Lack of municipal expertise	**5**		3.8
Unspecified risk/uncertainty	**4**	2.4	4.1
Stringent cleanup standards/regulations	**4**	3.4	4.0
Public opposition	**3**	3.0	2.9
Municipal approval process	**3**	3.6	4.2
Lack of communication between MOECC and applicant	**2**		
Stringent design standards	**2**		

Facilitation Strategies

Financial, regulatory (provincial and municipal), and legal mechanisms are highly noted and ranked.

"When a municipality comes in as a legitimate partner, it will make things happen, not just with incentives, but contributing to making that part of the city desirable, especially in smaller municipalities."

"Everyone is out for themselves, minimizing their liability, maximizing their profits, you cannot do this with brownfield projects because they require coordination to be successful."

MOTIVATING FACTORS IDENTIFIED BY INTERVIEWEES	2015	RANK
More financing & funding options	12	4.0
Municipal policy changes	7	4.1
Legal instruments to transfer risks and costs	7	4.6
More consistent regulations	7	4.2
Streamline RSC process	6	
Other Provincial policy changes	5	
MOECC changes approach from regulator to facilitator	5	
Changes to the SSRA process	4	
Relaxed regulations	3	4.1
Changes to QP role	3	
Changes to panel regulations	1	
Lower cleanup costs	1	

- Federal role: limited other than policy harmonization
- Provincial & Municipal roles: policy, funding, & efficiency changes that consider development costs and risks
- Non-governmental: more financing options from lending institutions; education of public & development community about issues and opportunities

Key Takeaways

- Provincial PPS & Growth Plan explicitly promote brownfields redevelopment and it is supported via a suite of provincial and municipal policies & tools
- Brownfields redevelopment has become a normal transaction that despite the additional costs and risks is "doable" if the market permits
- The RSC process is considered standardized, but time consuming and complex, especially for Risk Assessment
- Concern is that many developers have now "tried out" brownfields, but once the low hanging fruit is developed in the good locations then only the hearty and experienced will continue
- The preference is for relatively indirect intervention from government wherein provincial and municipal agencies just make the existing processes & tools more efficient and effective
- More direct interventions (e.g., funding, technical support) need to be enhanced and made more accessible, especially in secondary/weaker markets
- Municipalities can provide leadership and "set the table" by assessing where opportunities exist and then implementing zoning and density changes to lure development

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