

**GREEN GAINS:  
UNEARTHING THE TREASURE TROVE OF MUNICIPAL FINANCE INCENTIVES FOR  
BROWNFIELD REVIVAL**

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Brownfields are a potential source of lingering legacy contaminants and a policy problem that poses significant challenges for municipal governments, including providing mechanisms to assist and help fund cleanup activities. There is a significant additional cost associated with remediating contaminants if found on brownfields when compared to greenfield substitutes. This study identifies the municipal finance tools available for use by municipalities and the private development industry when undertaking the remediation of contaminants and the redevelopment of brownfield sites with a particular focus on Hamilton, Ontario.

Through an examination of publicly available Community Improvement Plans (CIPs) and conversations with municipal staff, the following questions were investigated: (1) What are the basic and unconventional financial and non-financial tools offered by municipal governments and how can they help offset the additional costs of brownfield redevelopment? (2) As Hamilton is widely known as a leader in the brownfield space, what are the tools currently available for use? (2) How do the increased costs of contamination cleanup affect the proforma from a developer's perspective, and what is necessary to support private brownfield redevelopment?

A proforma analysis revealed that financial incentives do not adequately address the additional costs associated with brownfield redevelopment. Payments are modelled on the 'developer pays' system, which requires the owner to pay and carry the additional costs throughout the entire development period. Additionally, there has been a significant decline in brownfield specific CIPs within Ontario. In 2018, 79 Ontario municipalities had in-force and active Brownfield-specific CIPs. As of November 2023, a total of 56 brownfield-specific CIPs were offering incentives representing an approximate decline of 29% over 5 years. Small municipalities with a population of less than 150,000 people represented 91% of the total decline.

Municipalities in Ontario would benefit from a detailed tracking mechanism maintained by the provincial government that identifies the status of contamination, remediation efforts to date and public expenditure. Furthermore, grant payments that are disbursed after a project has been completed do not target the additional costs associated with remediating contamination. Rather than providing financial support at the end of a project, grant payments should commence and match the current stage of the development project or consider interest incurred over the project's lifecycle. Municipalities can create a positive feedback loop and merge the real-estate cycle of brownfield redevelopment, merging the real-estate project lifecycle. As more brownfield projects apply for municipal funding due to a more supportive policy environment, municipalities are better equipped with the knowledge and 'know-how' when it comes to guiding the process. Increased municipal capacity leads to more brownfield projects completed within the boundary of a given municipality.

As municipalities begin to offer incentives and subsidize the increased costs associated with brownfield redevelopment, the pressures on greenfield development could potentially be incrementally less. Incentives must almost, if not wholly, offset the additional costs to owners of brownfield sites when compared to greenfield counterparts. They are constrained by a lack of government capacity, funds, staff, and knowledge surrounding incentive programs.