

## **BACKGROUNDER**

### **TAX INCREMENT GRANT OFFSETS BROWNFIELD RISK**

[Waterscape on the Grand](#) is the latest example of the [Haastown Group of Companies'](#) commitment to working with local governments to find ways to alleviate the costs and liability associated with brownfield development.

A tax increment grant (TIG) agreement between Haastown, the City of Cambridge and the Region of Waterloo allows the difference between the taxes paid on the Waterscape site before and after development to be directed to the developer until the costs for environmental remediation are covered.

“The math is simple,” says Haastown president Paul de Haas. “The Waterscape site generated \$0 in property taxes for more than 40 years. When the site is fully developed, it will generate approximately \$1 million annually in property taxes. Our bill for environmental remediation is estimated to be around \$7 million, which will be paid back over a seven-year period following full redevelopment and reassessment of the property. The city will then generate a \$1 million annual paycheck that it otherwise would never have seen without this program.”

Such mechanisms also make it easier for developers to secure financing, he notes. “It’s a win-win for everybody.”

Haastown first experimented with the TIG concept in 2002, working with the City of Guelph to restore The Mill Lofts while respecting heritage values. The Lofts on Mansion development in Kitchener also used a version of the formula.

Once again, in Cambridge, “we’re the guinea pigs, testing out this new incentive program to see how it works for the city, the region and the developer.”

The TIG, along with incentives such as waiving development charges and grants for creating housing units, make brownfield development less risky for developers, de Haas says.

“From a developer’s perspective, we’ve found a solid mechanism to recover our costs, limit our liability and secure financing. The city doesn’t have to dip into its pockets until the project is developed and generating taxes it would otherwise never have generated. It allows these projects to get off the ground.”

The Haastown Group of Companies focuses on revitalizing heritage and underutilized properties in Ontario for residential and commercial use. Recent projects include: The Boiler Factory Lofts and The Knitting Mill in Toronto, the Mill Lofts in Guelph, and The Lofts on Mansion in Kitchener.

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