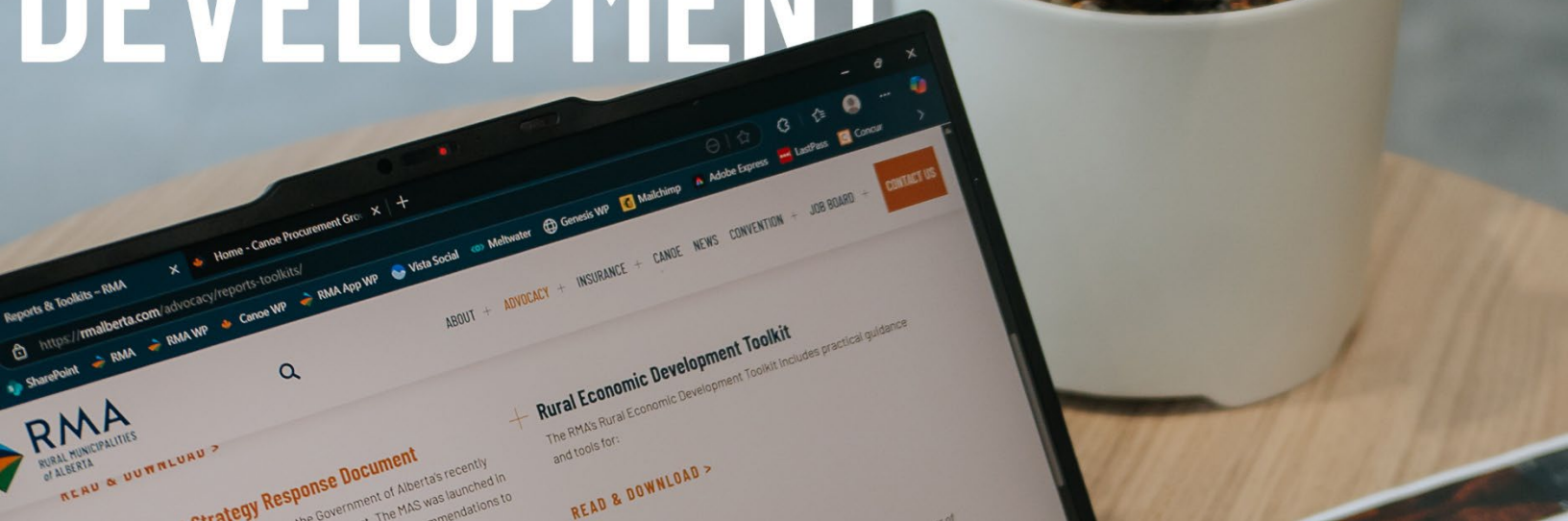


5-26S Funding to Clean up Contaminated and Derelict Properties

Resolution Report

PLANNING & DEVELOPMENT



Introduction

[Resolution 5-26S: Funding to Clean up Contaminated and Derelict Properties](#) highlights how municipalities are being burdened with clean-up and remediation costs for properties that are derelict or contaminated.

Rural municipalities often inherit responsibility for derelict and contaminated properties due to the dissolution of an urban municipality or due to tax forfeiture. In either case, the original owner of a given property likely no longer exists as a legal entity, leaving municipalities effectively responsible for liabilities and clean-up costs, despite regulatory backstops that were designed to prevent this outcome.

The accumulation of derelict and contaminated properties represents a significant cost burden on rural municipalities and ratepayers, especially without a dedicated funding stream to address the issue. These properties may also pose risks to human health and safety due to contaminants and hazardous materials released in the surrounding environment. Contaminated and derelict sites also impact local economic development and introduce delays as well as cost barriers for project approvals.

The resolution proposes remedying this issue in two ways:

1. Legislative review to ensure the differentiation between current and former property owners regarding liability for contaminated and derelict properties.
2. A dedicated and adequately funded grant program to help support municipalities with remediation and clean-up costs for contaminated and derelict properties.

Derelict vs. Contaminated:

Depending on the type of property, varying scenarios and legislative provisions apply for municipalities that must conduct clean-up and remediation activities. Derelict properties and sites are those that have been abandoned, are vacant, have deteriorated and are typically unsuitable or unsafe for regular use or habitation. Contaminated properties and sites are those that have been contaminated by the release of unsafe substances or hazardous products that render properties and sites unsafe or uninhabitable due to the risks to human and environmental health and safety. While circumstances differ, both types of properties ultimately pose similar health and safety risks to rural communities, imply significant transfers of cost burdens and prohibit the development of land that supports local economies and businesses.

Contaminated sites and properties are more clearly defined in legislation and are formally designated by the director under the *Environmental Protection and Enhancement Act* (EPEA).¹ Once designated as “contaminated,” persons responsible for remediation of the site include not only former owners, but also successors, even if successors were not responsible for the original contamination.² Even sites without a formal designation may cost municipalities because the risks to public health and safety are still present regardless of designation status, forcing municipalities to undertake clean-up and remediation activities in either case. Although legislative clauses such as section 107(1)(c)(vii) of the EPEA and section 434.1(1) of the *Municipal Government Act* (MGA) are technically designed to protect municipalities from contaminated property liability in cases of tax forfeiture, municipalities are still burdened with the practical liabilities of remediation and clean-up because the original property owners or dissolved municipalities no longer exist as legal entities.

In contrast, derelict properties are subject to the municipality’s review of a property in question³ and are less clearly defined or designated by provincial legislation. Following a dissolution, if the liabilities of a dissolving municipality exceed its assets, successor municipalities may implement an additional tax to offset the costs of inherited liabilities.⁴ This may include contaminated and derelict properties that were already acquired by the dissolving municipality prior to municipal restructuring.

Inheritance due to dissolution

In many cases, contaminated and/or derelict properties fall under rural municipal possession resulting from a dissolution of a small urban municipality. This is especially the case for properties that have been acquired by an urban municipality

¹ Designation of contaminated site, 125(1), *Environmental Protection and Enhancement Act*

² Persons Responsible, 107(1)(c)(v), *Environmental Protection and Enhancement Act*

³ Brownfield tax incentives, 364.1(1)(b)(ii), *Municipal Government Act*

⁴ Right to impose new tax, 134, *Municipal Government Act*

that ultimately dissolves into a rural municipality. As successors, rural municipalities must inherit all liabilities and assets from dissolving municipalities, including properties for whom landowners cannot be located or identified.

Existing legislative provisions enable municipalities with the right to dispose of land parcels⁵ as well as the ability to auction off land parcels for sale.⁶ However, due to the associated liabilities and costs of these contaminated and derelict properties, they often are not successfully sold, effectively rendering municipalities as successors to the properties and their associated liabilities.

In order to preserve surrounding property values, retain land use opportunities, and address hazardous contaminants, absorbing municipalities conduct remediation and clean-up activities, often with little to no funding or grant options available for support, forcing ratepayers to absorb costs as a result.

Inheritance due to tax forfeiture

In cases of property inheritance due to tax forfeiture, municipalities still remain effectively and functionally responsible. Although some existing legislative provisions are designed to protect municipalities from being fully responsible for land-related liabilities² (especially for contaminated sites), they often remain functionally responsible, as the original landowners and polluters cannot be held to account for remediation and clean-up.

⁵ Right to dispose of parcel, 425(1), *Municipal Government Act*

⁶ Offer of parcel for sale, 418(1), *Municipal Government Act*

How it Impacts RMA Members

Contaminated and derelict properties and their associated liabilities affect rural municipalities and their residents in various ways:

- ◆ *Increased costs for ratepayers* – a lack of dedicated remediation funding mechanism or owner accountability framework often results in municipalities having no choice but to use general revenues to remediate contaminated or derelict properties. This shifts responsibility from the individual landowner to the entire municipal property tax base.
- ◆ *Health and safety hazards* – harmful substances and contaminants from contaminated properties could pose risks to human health and the natural environment the longer they go unaddressed.
- ◆ *Decrease in surrounding property value* – land that surrounds derelict and contaminated properties may experience a valuation decrease as a result, either due to health and safety risks or due to blight and unsightly conditions, which may negatively impact local business.
- ◆ *Loss of potential developable land* – municipalities seeking out land for development within their boundaries may be limited from proceeding with development engagements unless contaminated and derelict properties are remediated and cleaned up, implying considerable delays and added costs to proposed projects.



RMA Background

Although there are no active resolutions directly related to 5-26S, RMA has undertaken significant work on issues that are connected to derelict and contaminated properties.

Municipal Dissolution and Viability

RMA has undertaken considerable advocacy efforts regarding municipal restructuring, dissolution and viability processes in Alberta. In 2023, RMA members endorsed resolution [1-23S: Enhanced Support for Receiving Municipalities in Dissolutions](#), which advocates for a comprehensive review of existing dissolution processes to better account for impacts to rural municipalities. RMA's 2024 Post Dissolution Impacts Study builds on this position by conducting an in-depth analysis of the dissolution process, with a focus on rural communities. This report finds that the dissolution process and government support overwhelmingly favours dissolving municipalities rather than absorbing, leaving rural municipalities at a distinct disadvantage overall. Among other recommendations, the report calls for improvements to the infrastructure audit process conducted during the viability review process to better identify and quantify infrastructure liabilities, as well as an increase to the Alberta Community Partnerships (ACP) Grant specifically to enable absorbing municipalities to address infrastructure liabilities inherited from dissolving municipalities.

RMA has built on this work by maintaining participation in the Municipal Sustainability Strategy Advisory Committee and continuing to advocate for greater support and consideration for absorbing municipalities in the dissolution and viability processes.

The issue of contaminated and derelict properties represents an overlooked yet important component of the dissolution and viability issue. Just as grant funding and financial support is necessary and continues to be requested to help absorbing municipalities address infrastructure costs, successor municipalities that inherit derelict and contaminated properties similarly require funding support to help address clean-up and remediation costs and prevent ratepayers from unfairly bearing associated financial burdens.

Impacts of Bill 28

The recently enacted Bill 28 could also affect how contaminated and derelict properties are addressed by municipalities and the GOA. Among other amendments, Bill 28 includes restrictions on how municipalities may create and use residential property sub-classes.⁷ In the case of derelict and contaminated sites, municipalities have typically become the property owners, either by tax forfeiture or by dissolution. As such, municipalities are understandably limited in their ability to utilize sub-classes as a way to offset remediation and clean-up costs. However, residential sub-classes would have been utilized by municipalities as a preventative tool in cases where property owners and/or original polluters still exist as legal entities, before dissolution, tax forfeiture or otherwise coming into municipal possession⁸. While the Bill 28 changes are not directly related to contaminated or derelict properties, they create a precedent for possible future restrictions which could limit municipal regulatory enforcement capacities, particularly for residential properties, which transfers costs and burdens onto rate payers and increases the call for greater funding provisions to address clean-up and remediation costs.

⁷ [Bill 28: Municipal Affairs and Housing Statutes Amendment Act - RMA Analysis, April 2026](#)

⁸ [Edmonton, Peace River team up to push province to change rules on derelict commercial properties | CBC News](#)



Analysis

Why other solutions don't work

In the absence of dedicated municipal funding and updated regulatory and enforcement provisions to address the problem of derelict and contaminated properties, municipalities have resorted to various solutions to address the issue. Some municipalities, in an effort to offset costs and deficits associated with municipal restructuring, including remediation and clean-up costs from inherited contaminated and derelict properties, have maintained high mill rates on hamlets under their jurisdiction^{9,10,11}. While legislation enables municipalities to utilize this strategy, cost burdens are transferred onto other ratepayers as a result.

As noted above, no dedicated funding is available to assist municipalities in dealing with derelict or contaminated properties. However, various grant programs exist that may apply to the issue of contaminated and derelict properties. The Local Government Fiscal Framework (LGFF) is a capital fund grant to support municipalities with local development, particularly for infrastructure. While derelict and contaminated properties may be eligible for the LGFF, it does not

⁹ [Village of Dewberry Viability Report](#) – p.7, 22

¹⁰ [County of Vermilion River Bylaw 21-05](#)

¹¹ [County of Vermilion River Bylaw 26-04](#)

represent a dedicated fund to specifically address clean up and remediation costs. A dedicated fund is especially important considering the LGFF is also applicable to various other infrastructure projects for which the LGFF may otherwise be used. Municipalities should not have to choose between addressing municipal infrastructure deficits and addressing contaminated and derelict sites within the same funding program.

The Alberta Community Partnerships (ACP) grant program is similarly available to municipalities, with a specific focus on supporting municipal restructuring, viability and dissolutions. The RMA's Post Dissolutions Impact report highlights how the ACP grant program represents the only support available specifically for absorbing municipalities. With that said, the ACP is considerably underfunded, even for dissolution costs unrelated to contaminated and derelict properties. Given the extent of infrastructure, administrative, governance and operational costs related to municipal dissolutions that each municipality may experience, the ACP does not represent a pathway to meaningful and sustained cost-recovery that would prevent ratepayers from absorbing clean up and remediation costs. The ACP would also not apply in cases of derelict and contaminated properties inherited by municipalities through tax forfeiture rather than through dissolution.

The Federation of Canadian Municipalities similarly offers the Green Municipal Fund (GMF) which includes funding for capital projects that involves the remediation of Brownfield sites. However, because the GMF, despite being somewhat more targeted than the ACP and the LGFF, still includes a vast range of projects outside of remediation and clean-up activities, it is not a dedicated cost-recovery stream specific to the issue of contaminated and derelict properties. GMF allocations may also be disbursed for energy, transportation, waste and water related capital projects in addition to remediation projects. Additionally, as a federal grant program, municipalities across the country, both urban and rural, would be eligible for the GMF. Both aspects greatly diminish the likelihood for rural Alberta municipalities to secure funding specifically for remediation and clean-up costs.

While some approaches and tools are available to municipalities seeking to offset remediation and clean-up costs from derelict and contaminated properties, it is evident that a more targeted approach is required to meaningfully support municipalities in their efforts to mitigate the issue.

Legislative Solutions

As highlighted above, there are various legislative provisions that describe the powers, responsibilities and regulations of municipalities with regard to contaminated and derelict properties. Section 107 of the EPEA focuses on release of substances and defines persons responsible in section 107(1)(c)(v). This section may be reviewed to align better with the Polluter Pays principle, particularly by distinguishing between original polluters and successors that may be municipalities.

Section 135 of the MGA details general municipal provisions, especially in cases of municipal dissolution. A detailed review of section 135(1)(b) may include amendments that prevent liabilities from passing to receiving municipalities.

Other regulatory approaches to addressing the issue may include targeted legislative amendments to better hold property owners accountable long before municipal dissolution or tax forfeiture and while they still remain capable of paying for remediation costs. The EPEA, MGA and other relevant legislation may be strengthened to further compel property owners to meet their financial obligations. This would be consistent with the Polluter Pays principle and help prevent municipalities from absorbing property remediation and reclamation costs by using a more proactive regulatory approach.

Even if legislation was amended to account for regulatory gaps that place significant remediation and reclamation burdens on rural municipalities, funding support is still required to help municipalities offset associated costs.

Funding based solutions

In the case of contaminated sites, section 124 of the EPEA empowers the Minister to implement grants and funding programs specifically to pay for the cost of contaminated site remediation. This represents a viable pathway to creating

a dedicated cost-recovery approach for the contaminated sites issue. Although a parallel provision does not exist in the MGA or elsewhere, a targeted legislative review can help explore how to enable similar funding allocations for derelict properties.

As detailed below, some jurisdictions across the country, rather than budgeting specific funding amounts for remedial and reclamation activities, choose to fund these grants through fines collected from environmental contraventions. In some ways, this is similar to the Orphan Well Fund, managed by the Orphan Well Association (OWA), into which operators pay regular fees to help address orphan well decommissioning activities. This is also an approach that would be consistent with the Polluter Pays principle while remaining sustainable and cost-effective for all parties involved.

In other jurisdictions

The issue of contaminated and derelict properties is widespread across the country. Municipalities in other jurisdictions have similarly been subject to significant cost burdens as a result of contaminated and derelict properties and have also called for funding support from their provincial governments.^{12,13}

The Government of Ontario, in recognition of the barriers to local development and the significant risks and costs that contaminated and derelict properties pose to municipalities, developed the Brownfields Financial Tax Incentive Program (BFTIP).¹⁴ Using a proportional approach, the provincial government may cancel all or part of a property owner's education property tax if the municipality cancels a portion of the municipal property tax. This is helpful for municipalities who would otherwise be expected to bear the full burden of the tax cancellation to incentivize redevelopment of contaminated and derelict properties. However, this program may not apply to municipalities that become or are owners of derelict and contaminated properties resulting from municipal dissolution and it also does not function as intended in cases where the original property owner no longer exists as a legal entity. With that said, BFTIP represents a preventative approach that may help address the problem before it becomes a municipal burden.

In 2019, the Government of Saskatchewan implemented the Impacted Sites Fund,¹⁵ designed to financially assist municipalities with the clean-up and remediation of contaminated and derelict properties, including in cases where the municipality is a successor and not the original pollutant and/or property owner. The program is continuously funded through fines issued to property owners for environmental contraventions. Under the Impacted Sites Fund, a criteria system is used to support the prioritization of sites and the allocation of funds; higher risk sites are more likely to receive funding that covers the full cost of repairs and sooner while lower risk sites may receive funding to cover a portion of costs and only after higher priority sites have been selected.

The British Columbia Community Charter empowers municipalities to impose remedial actions on properties that councils deem hazardous or derelict.¹⁶ Although this provision is targeted towards properties that are not municipally owned, it does empower municipalities with the tools to address derelict and contaminated properties proactively while property owners still exist as legal entities.

¹² [SARM Calls for Funding for Cleanup of Abandoned or Derelict Buildings and Yard Sites](#)

¹³ [Association of Manitoba Municipalities - 2025 Resolutions Handbook](#), p. 13

¹⁴ [Brownfields financial tax incentive program | ontario.ca](#)

¹⁵ [Government Of Saskatchewan Now Accepting Applications For Impacted Sites Fund](#)

¹⁶ [SBC 2003, c 26 | Community Charter](#), Division 12 – Remedial Action Requirements



Call to Action for Government

The Government of Alberta can pursue multiple avenues towards fulfilling Resolution 5-26S:

A Polluter Pays-informed review of legislation

Resolution 5-26S calls for a comprehensive review of specific legislative provisions and regulations to enable distinctions between successor entities and original polluters or property owners. Targeted amendments in legislation such as the EPEA and the MGA to align more closely with the Polluter Pays principle can help prevent municipalities from inheriting contaminated and derelict properties.

A dedicated remediation and reclamation fund

Resolution 5-26S also calls for the creation of a dedicated remediation and reclamation fund to offset costs for municipalities. Although various grant programs exist, such as the LGFF, the ACP or the GMF, these programs are either oversubscribed, too broadly applicable to other projects, or insufficiently funded to represent meaningful cost recovery for contaminated and derelict properties. The GOA is empowered through legislation to develop the creation of a dedicated grant or fund for the purposes of remediation and clean-up. To keep the program sustainable, different revenue structures may be utilized such as sourcing funds through fines collecting from environmental contraventions, similarly to what is utilized in Saskatchewan.

Final Word

Contaminated and derelict properties represent a small part of the wider municipal issues surrounding dissolution and polluter/property owner accountability. Through holistic approaches and existing corrective and collaborative work, the GOA is well-positioned to remedy the contaminated and derelict sites issue, particularly by conducting thorough legislative reviews and authorizing dedicated grant funding to support municipalities as they conduct clean-up and remediation activities. Doing so will help minimize trickle-down costs to ratepayers, free up valuable land for municipalities and developers and eliminate health and safety risks in a timely and cost-effective manner.