



Hamilton

INFORMATION REPORT

| | |
|---------------------------|--|
| TO: | Mayor and Members General Issues Committee |
| COMMITTEE DATE: | March 30, 2015 |
| SUBJECT/REPORT NO: | Status of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) and other Urban Renewal Initiatives (PED15023) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15) |
| WARD(S) AFFECTED: | Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15 |
| PREPARED BY: | Hazel Milsome (905) 546-2424 Ext. 2755 Joe Muto (905) 546-2424 Ext. 7589 |
| SUBMITTED BY: | Jason Thorne General Manager Planning and Economic Development Department |
| SIGNATURE: | |

Council Direction:

City Council, at its meeting held November 28, 2012, approved increasing loan commitments under the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) from \$26 M to \$45 M (provided that the total loan monies lent under the Program at one time does not exceed \$35 M) and directed staff to review the terms and conditions of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) on an annual basis and report back to the General Issues Committee during the first quarter of each year on the outcome of the review.

Information:

Report PED15023 provides an update on the status of the Hamilton Downtown Multi-Residential Property Investment Program, (HDMRPIP) as well as other Urban Renewal programs and initiatives.

Hamilton Downtown Multi-Residential Property Investment Program

The City has loaned, as at December 31, 2014, approximately \$33.4 M under the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) supporting the creation / renovation of 1,313 dwelling units, at an interest cost to the City of approximately \$2.6 M (\$1,985 / dwelling unit). The public cost of the program has levered approximately \$203.3 M of private construction value at a ratio of 1:55.

SUBJECT: Status of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) and other Urban Renewal Initiatives (PED15023) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15) - Page 2 of 16

There are 13 loans that have been repaid in full, three projects paying back loans, one loan was written-off in 2011, two projects are under construction, and the construction of one project will commence in the Spring of 2015.

Appendix “A” to Report PED15023 identifies where the 20 projects are located within the Downtown Hamilton Community Improvement Project Area that have received funding or are under construction and will receive funding under the HDMRPIP.

**Hamilton Downtown Multi-Residential Property Investment Program
2014 Year End Status**

| | |
|--|---------------|
| Units Built/Under Construction | 1,313 |
| Construction Value | \$203,314,564 |
| Loans Advanced | \$33,439,613 |
| Loans Paid Back | \$13,311,610 |
| Written-off (one loan) | \$1,101,207 |
| Loans Outstanding | \$19,026,796 |
| Interest Paid | \$2,607,077 |
| Ratio of Interest Paid to Construction Value | 1:78 |
| Cost (Interest + Default) | \$3,708,284 |
| Ratio of Cost to Construction Value | 1:55 |

City Council also approved loans under the HDMRPIP for 50 Murray Street and 149 Young Street in the amount of \$1,058,543 and \$356,000, respectively; however, the applicants subsequently cancelled their loans. The applicant for 50 Murray Street cancelled due to details of their first mortgage which would not allow the applicant to meet the requirement of the HDMRPIP that dictates “upon the sale of individual condominium units, the City will be repaid upon closing, 25% of the sale price of the unit until the total loan amount has been paid in full”. The applicant for 149 Young Street cancelled his loan in February 2014 because sales and occupancy of the townhouse units occurred much sooner than had been anticipated.

Report PED12220 / FSC12090 approved by City Council at its meeting held November 28, 2012, identified seven residential projects that were proposed in the Downtown and proponents had informed staff that they would be submitting applications under the program. Of those seven projects, two projects have been approved for funding by City Council and are under construction (150 Main Street West and 137-149 Main Street West); one proponent is at the maximum loan per developer, therefore, not eligible to apply for the Program (140 Main Street West); one proponent has submitted their application and staff are undertaking the due diligence and awaiting additional information from the proponent in order to evaluate their financial capacity to repay the loan; and, one proponent is anticipated to submit their application in 2015. The other two projects are questionable with respect to how or if they will move forward at this time and, if they do, whether the project will be under new ownership. In addition to the aforementioned projects, staff is working with the proponent of one significant

SUBJECT: Status of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) and other Urban Renewal Initiatives (PED15023) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15) - Page 3 of 16

residential development in the Downtown and a number of smaller projects where proponents have indicated they will be applying for funding under the program. As of December 31, 2014 there was an outstanding amount of \$19,026,796 in loans that are in various stages of repayment or development and \$2,408,000 was committed but had not been advanced. Therefore, based on a maximum of \$35 M in loans being out at one time, there is the potential of an additional \$13,565,204 in future loans being approved by City Council and advanced at this time. A separate report will be forwarded to Committee and Council for consideration should staff recommend increasing the maximum of \$35 M in loans out at one time.

The terms and conditions of the HDMRPIP have been reviewed by staff and amendments are not recommended at this time. Urban Renewal's 2015 Work Plan includes (as part of the five-year review of the Downtown and Community Renewal Community Improvement Plan (CIP) and ERASE CIP) the review of all financial incentive programs and community improvement project areas to determine if they should be continued, amended, expanded or cancelled. The resultant recommendations are anticipated to be reported to Committee and Council in 2015.

Staff also would like to take this opportunity to update Committee and Council on the following Urban Renewal programs and initiatives:

Hamilton Tax Increment Grant Program

In 2014, \$376,858 was due to be issued to 13 reassessed projects through the Hamilton Tax Increment Grant Program (HTIGP). Since grants were first issued in 2004, over \$4.7 M has been granted through the program to 21 reassessed projects that had a combined construction value of \$104,354,335, which accounts for a 1:19 ratio of public grant leveraging private investment.

**Hamilton Tax Increment Grant Program
2014 Year End Status of Reassessed Projects**

| | |
|---|---------------|
| Grants Due in 2014 (to 13 Projects) | \$376,858 |
| Grants Issued 2004-2014 (to 21 projects) | \$4,779,217 |
| Estimated Total Grants (for all 21 projects including any future grants to be paid out) | \$5,522,390 |
| Construction Value | \$104,354,335 |
| Ratio of Total Grants to Construction Value | 1:19 |

The map attached as Appendix "B" to Report PED15023 identifies the location of the 21 properties within the Downtown Hamilton Community Improvement Project Area that have received grants under the Hamilton Tax Increment Grant Program.

Increase In Taxes

SUBJECT: Status of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) and other Urban Renewal Initiatives (PED15023) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15) - Page 4 of 16

The following chart lists projects in the Downtown Hamilton Community Improvement Project Area (DHCIPA) that have received or have been approved for loans / grants under the HDMRPIP and / or the HTIGP and compares their predevelopment municipal taxes to their 2014 municipal taxes. The increase in total municipal taxes (inclusive of growth, reassessment and budget) equates to approximately \$3 M. This increase will be realized annually. Note that the figures with an asterisk are estimates of the increase in municipal taxes as the projects have been completed but not reassessed by the Municipal Property Assessment Corporation (MPAC), are under construction or construction has not commenced to date.

| Property Address | Base Year | Difference between base year taxes and 2014 taxes | HDMRPIP | HTIGP |
|-----------------------------|-----------|---|---------|-------|
| 135 James Street South | 2002 | +\$424,000 | ✓ | |
| 11 Rebecca Street | 2004 | +\$67,000 | ✓ | ✓ |
| 155 James Street South | 2003 | +\$53,000 | ✓ | |
| 118 Market Street | 2003 | +\$100,000 | ✓ | ✓ |
| 91 Wellington Street North | 2003 | +\$15,000 | ✓ | |
| 4, 8, 12 Forest Avenue | 2005 | +\$34,000 | ✓ | ✓ |
| 47 Caroline Street North | 2007 | +\$127,000 | ✓ | ✓ |
| 80 King William Street | 2003 | +\$109,000 | ✓ | |
| 267/271 King Street East | 2007 | +\$2,000 | ✓ | |
| 260-280 King Street East | 2005 | +\$70,000 | ✓ | ✓ |
| 170-176 Jackson Street West | 2007 | +\$4,000 | ✓ | ✓ |
| 66/68 King Street East | 2007 | +\$1,000 | ✓ | |
| 215/231 Main Street West | 2006 | +\$4,000 | ✓ | |
| 289 Hunter Street East | 2007 | N/A | ✓ | |
| 68 George Street | 2010 | +\$227,000 | ✓ | ✓ |
| 275 King Street West | 2011 | +\$78,000 | ✓ | ✓ |
| 40 Bay Street South | 2012 | +\$290,000 | ✓ | *✓ |
| 150 Main Street West | 2013 | +\$510,000 | ✓ | *✓ |
| 137-149 Main Street West | 2013 | +\$61,000 | ✓ | *✓ |
| 33 Main Street East | 2002 | +\$16,000 | | ✓ |
| 135 Hunter Street | 2002 | +\$62,000 | | ✓ |
| 100-110 James Street South | 2004 | +\$20,000 | | ✓ |
| 1 Main Street West | 2004 | +\$60,000 | | ✓ |
| 66 Bay Street South | 2004 | +\$223,000 | | ✓ |
| 1 Hunter Street East | 2006 | +\$64,000 | | ✓ |
| 210 Main Street East | 2007 | +\$63,000 | | ✓ |
| 87-89 King Street East | 2006 | +\$8,000 | | ✓ |
| 232 Cannon Street East | 2009 | \$47,000 | | ✓ |
| 52 Cannon Street West | 2008 | \$26,000 | | ✓ |

SUBJECT: Status of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) and other Urban Renewal Initiatives (PED15023) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15) - Page 5 of 16

| | | | | |
|---------------------------------|------|--------------------|---|----|
| 193-197 James Street North | 2009 | \$8,000 | | ✓ |
| 130-134 Wellington Street North | 2011 | \$12,000 | | ✓ |
| 235 Main Street West | 2012 | \$54,000 | | *✓ |
| 162 Ferguson Avenue North | 2012 | \$23,000 | | *✓ |
| 121-123 James Street North | 2012 | \$85,000 | | *✓ |
| 19-21 John Street South | 2013 | \$97,000 | | *✓ |
| 69 Hughson Street North | 2013 | \$14,000 | | *✓ |
| 205 Hunter Street West | 2013 | \$6,000 | | *✓ |
| 50 Murray Street | 2012 | \$87,000 | | ✓ |
| 149 Young Street | 2013 | \$17,000 | | *✓ |
| 180-188 Wilson Street | 2014 | \$19,000 | ✓ | *✓ |
| 547 King Street East | 2014 | \$24,000 | | *✓ |
| 179-191 James Street North | 2014 | \$283,000 | | *✓ |
| 189 King Street East | 2014 | \$1,000 | | *✓ |
| 191 King Street East | 2014 | \$1,000 | | *✓ |
| 125 Wellington Street North | 2014 | \$59,000 | | *✓ |
| Total | | \$3,555,000 | | |

In addition to increasing the assessment and resulting property taxes of the specific property that directly receives funding, the redeveloped properties also help increase the value and desirability of surrounding properties that are no longer next to a vacant, derelict or contaminated property. Surrounding properties might also benefit from new residents, employees and customers in nearby redevelopment properties.

Financial Incentive Programs Administered by Urban Renewal

Urban Renewal administers various financial incentives most recently taking on the responsibility to administer the Hamilton Heritage Conservation Grant Program (2014) The chart below identifies the number of applications staff processed in 2011 - 2014:

| Financial Incentive Program | 2011 | 2012 | 2013 | 2014 |
|--|-------------|-------------|-------------|-------------|
| BIA Commercial Property Improvement Grant Programs | 34 | 38 | 53 | 62 |
| Commercial Corridor Housing Loan and Grant Program (pre-application) | 14 | 21 | 17 | 22 |
| Commercial Corridor Housing Loan and Grant Program (final application) | 2 | 3 | 2 | 6 |
| Hamilton Heritage Property Improvement Grant Program | 2 | 2 | 8 | 4 |
| Hamilton Office Tenancy Assistance Program | 1 | 1 | 1 | 2 |
| Hamilton Downtown Multi-Residential Property Investment Program | 2 | 4 | 2 | 1 |
| Hamilton Tax Increment Grant Program | 2 | 8 | 8 | 10 |

SUBJECT: Status of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) and other Urban Renewal Initiatives (PED15023) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15) - Page 6 of 16

| | | | | |
|---|--|-----------|------------|------------|
| Hamilton Commercial Façade Property Improvement Grant Program | | 17 | 31 | 54 |
| GORE Building Improvement Grant Program | | 5 | 8 | 15 |
| Hamilton Community Heritage Fund Loan Program | | | 2 | 1 |
| ERASE Programs | | 21 | 19 | 25 |
| Hamilton Heritage Conservation Grant Program | | | | 18 |
| TOTALS | | 57 | 120 | 220 |

Although the Commercial Façade Property Improvement Grant Program, Business Improvement Area Commercial Property Improvement Grant Program and the Gore Building Improvement Grant Program are 50 / 50 matching grants, the true value of the work leveraged by the City grant is more than 50%. Funds under the programs are advanced only when the work has been completed. The following charts provide an overview of the number of projects that received grants in 2014 as well as since the programs were created:

| Commercial Façade Property Improvement Grant Program | | | | |
|---|-------------------------|--------------------|------------|---------------------------------------|
| Time Period | Number of Projects Paid | Construction Value | Grant Paid | Grant as a percentage of Construction |
| 2014 | 14 | \$359,979 | \$140,402 | 39% |
| 2012-2014 | 22 | \$610,206 | \$222,576 | 36% |

| Business Improvement Area Commercial Property Improvement Grant Program | | | | |
|--|-------------------------|--------------------|-------------|---------------------------------------|
| Time Period | Number of Projects Paid | Construction Value | Grant Paid | Grant as a percentage of Construction |
| 2014 | 32 | \$1,245,476 | \$470,916 | 38% |
| 2002-2014 | 335 | \$8,088,084 | \$3,139,020 | 38% |

| Gore Building Improvement Grant Program | | | | |
|--|-------------------------|--------------------|------------|---------------------------------------|
| Time Period | Number of Projects Paid | Construction Value | Grant Paid | Grant as a percentage of Construction |
| 2014 | 3 | \$258,348 | \$94,300 | 37% |
| 2012-2014 | 3 | \$572,568 | \$208,155 | 36% |

The Commercial Façade Property Improvement Grant Program and the Gore Building Improvement Grant Program were introduced as three-year programs within the Downtown Hamilton Community Improvement Project Area (DHCIPA). Applications were accepted from property owners / authorized tenants within the DHCIPA until

December 31, 2014. The Commercial Façade Property Improvement Grant Program continues to be offered to property owners / authorized tenants within the Community Downtowns, the Mount Hope / Airport Gateway and the commercial corridors along Barton Street, east of the Barton Village BIA and along Kenilworth Avenue North as identified in the Downtown and Community Renewal Community Improvement Project Area.

2014 Downtown Hamilton Building Activity

Development in the Downtown Hamilton Urban Growth Centre (UGC) continued in 2014, a total of 160 building permits were issued, representing \$90.1 M in building permit construction value.¹ The UGC area includes properties within and abutting the block bounded by Hunter Street, Queen Street, Cannon Street and Victoria Avenue, and also includes properties abutting James Street north to the CN railway and south to Charlton Avenue. The 2014 construction value is a moderate increase over 2013 (just over \$1 M), illustrated in Figure 1.

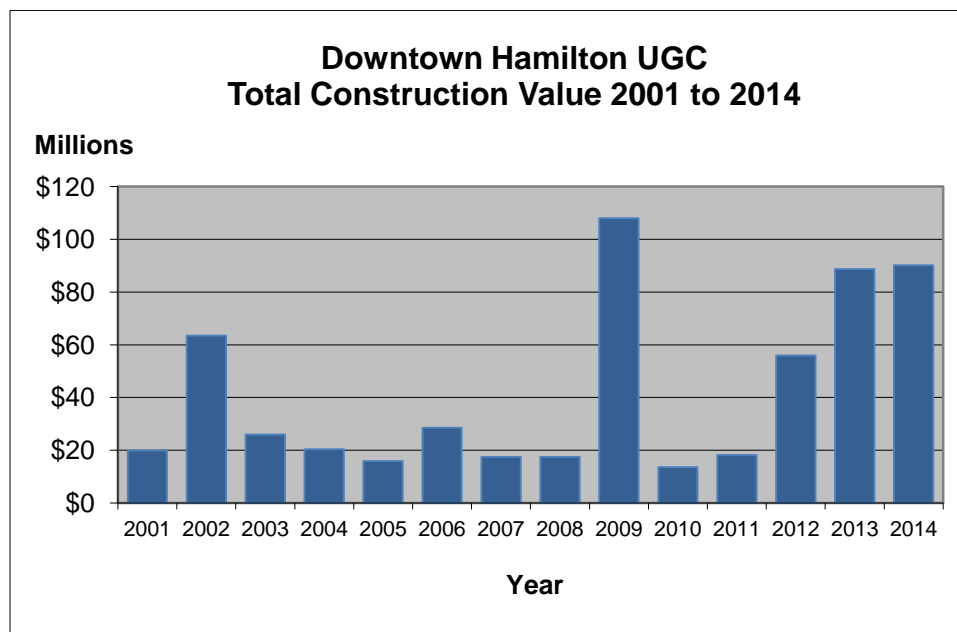


Figure 1

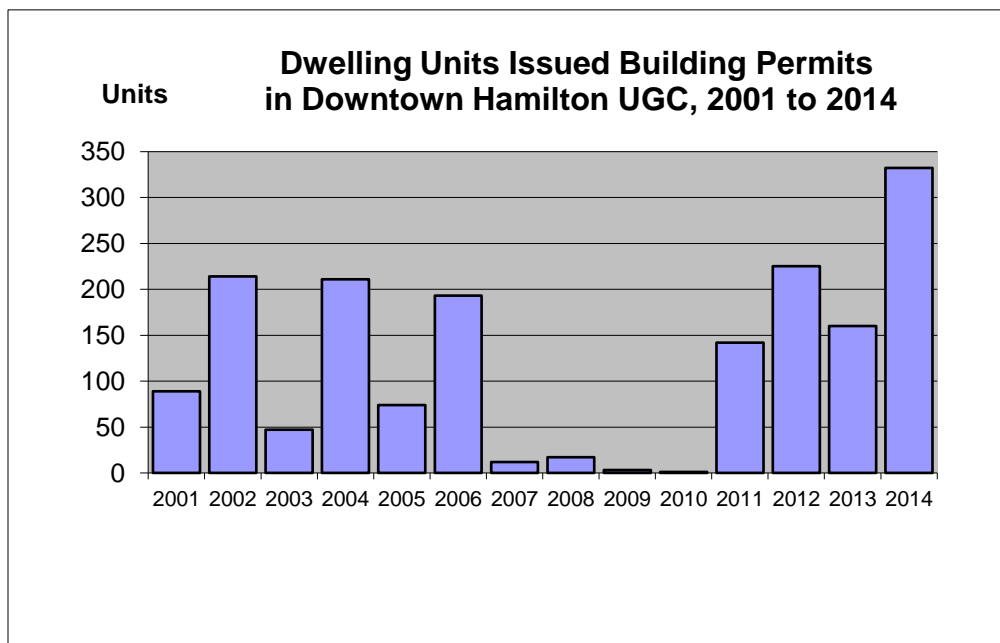
Those developments and improvements, valued at \$500,000 or greater and listed below account for over 90% of the total building permit construction value. Jackson Square upgrades and renovations totalled approximately \$7.4 M, which are further outlined below. Some of the projects which also merit acknowledgment to the building permit construction value reported for 2014 include the following:

¹ Permits issued for demolition, signs and events are excluded from the reported totals for Downtown Hamilton and the Community Downtowns.

SUBJECT: Status of the Hamilton Downtown Multi-Residential Property Investment Program (HDMRPIP) and other Urban Renewal Initiatives (PED15023) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15) - Page 8 of 16

- 150 Main Street West - former National Revenue Office building, including a parking garage to be shared with the adjacent Hilton Homewood Suites Hotel and a future residential condominium in between at 140 Main Street – Bella Towers (155 units);
- 125 Wellington Street North (conversion of two-storey units into one-storey units for a total of 90 additional units);
- 137 - 149 Main Street West (73 units);
- 100 King Street West - Various retail and office space alterations at Jackson Square and related office towers (e.g. the Robert Thomson and Standard Life buildings), including but not limited to Great West Life, McMaster University, Liquor Control Board of Ontario (LCBO), Bently, New York Times and TD Bank Financial Group among others;
- Renovations to the historic courthouse building at 55 Main Street West;
- Alterations and improvements to the Ellen Fairclough Building for the expansion of offices for the Ontario Ministry of Health, as well as, alterations to the main roof area at 119 King Street West;
- New construction and alterations of “Hamilton Family Health Team” offices at 123 James Street North; and,
- Alterations to include eight additional dwelling units, including the upgrades to the existing amenity room, fitness room and a new party room at 205 Hunter Street West (Capital Terrace Apartments).

Building permits were issued for the construction of 332 new residential units, including 155 units at 150 Main Street West, 4 units at 111 Market Street, eight units at 205 Hunter Street West, two units at 219 King Street East, 90 units at 125 Wellington Street North, and 73 units at 137-149 Main Street West. 2014 set a precedent from previous years, as residential construction surpassed the non-residential values. From 2001 through 2014, building permits have been issued for a total of 1,720 dwelling units in the UGC, providing an average growth of 123 units per year.



Notes:

- Dwelling units as per the year the building permit was issued;
- 2004 includes 108 units in the former Staybridge Suites Hotel, which converted to a retirement residence in 2010;
- 2011 includes 127 units in the new Staybridge Suites Hotel;
- 2012 includes 182 units in the new Hilton Homewood Suites Hotel; and,
- Dwelling units at 14 Mary Street are not included since the project did not proceed despite being issued a building permit in 2001 (62 units) and 2009 (59 units).

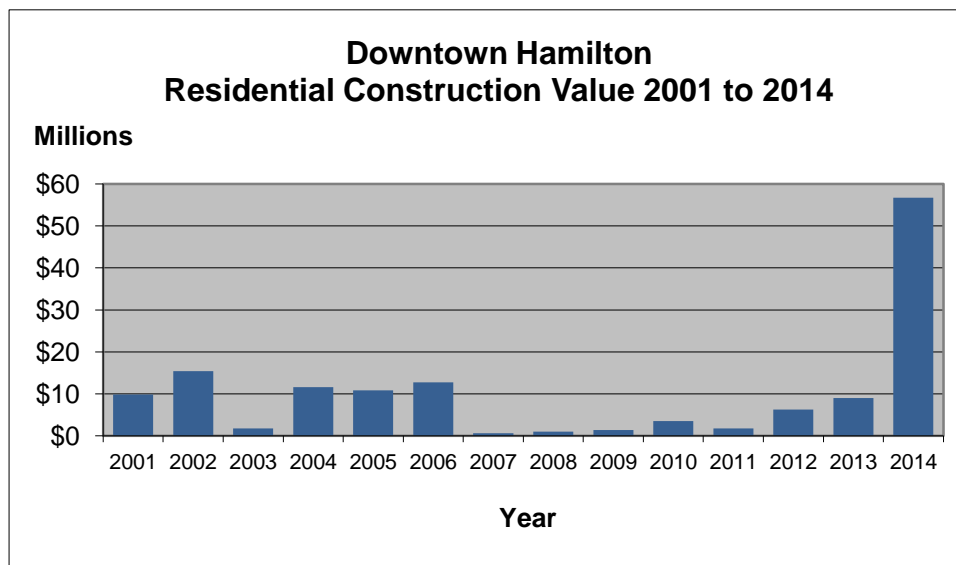


Figure 2

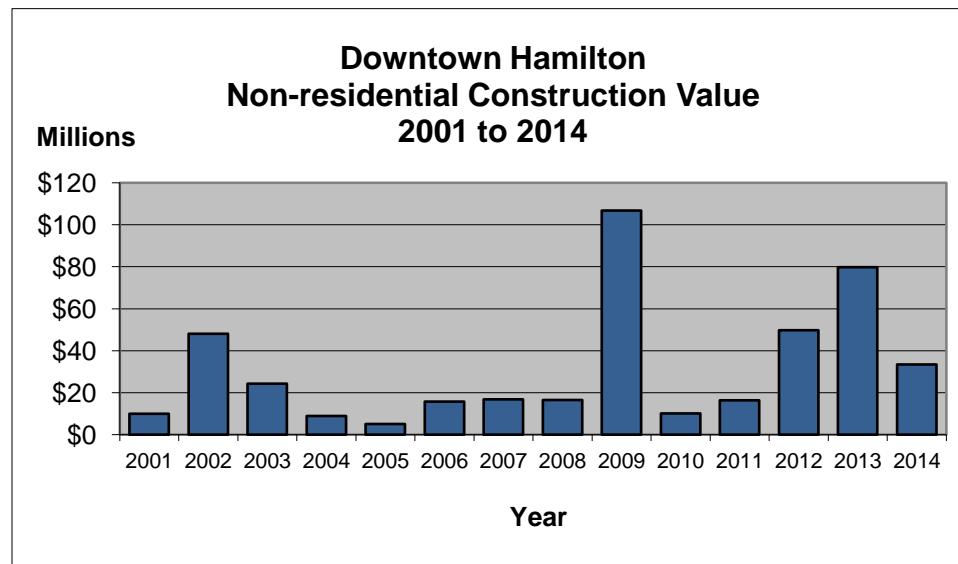


Figure 3

There were an additional 65 building permits issued in 2014 in the area beyond the Urban Growth Centre and within the boundary of the Downtown Hamilton Community Improvement Project Area (CIPA). They account for an additional \$76.2 M in building permit construction value, and contribute to a total of \$166.4 M in the complete Downtown Hamilton CIPA. Projects in this additional area include construction values which did not generate an increase in overall dwelling unit yield, however, did attribute an increase to non-residential values. Some worth mentioning are:

- New construction to the McMaster's Children's Health Centre at 325 Wellington Street North – \$69.9 M;
- Alteration to the parking garage for the existing apartment building at 150 Charlton Avenue East (The Olympia); and,
- New construction and improvements to the Tim Horton's restaurant at 200 Barton Street East.

2014 Community Downtown Building Activity

Community Downtowns, including Ancaster, Binbrook, Dundas, Stoney Creek, Waterdown and as of 2014 Mount Hope collectively had a total of 98 building permits issued in 2014 within their respective community improvement project areas, representing a building permit construction value of approximately \$22.4 M. This construction value has more than doubled since 2013 (\$10.8 M). Growth in these communities was comprised of 62% residential and 38% non-residential. Downtown Waterdown saw the largest growth out of all the Community Downtowns in 2014 totalling 87% of the total construction values (see Figure 5).

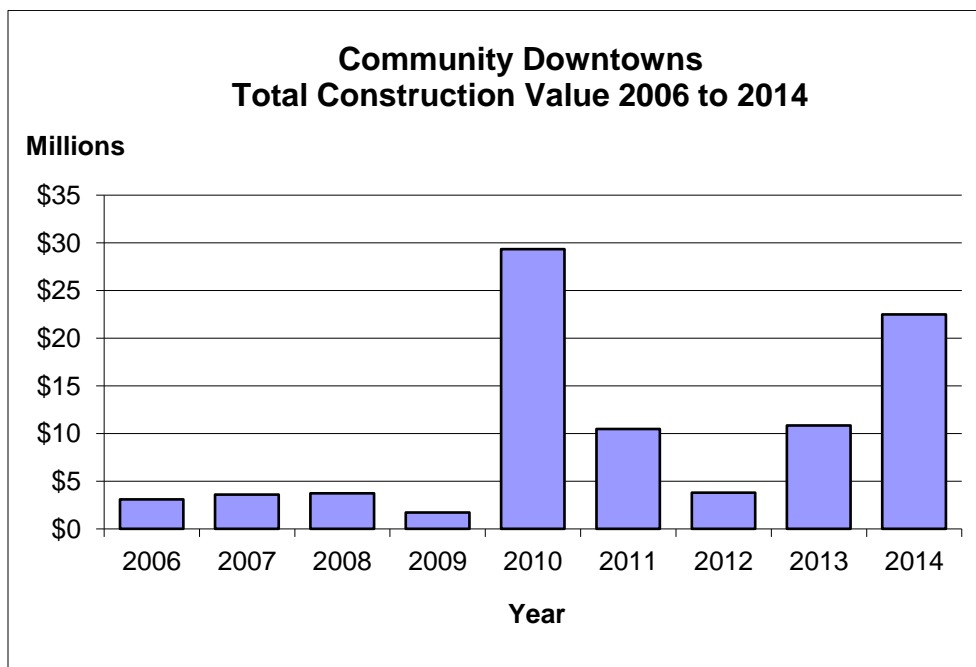


Figure 4

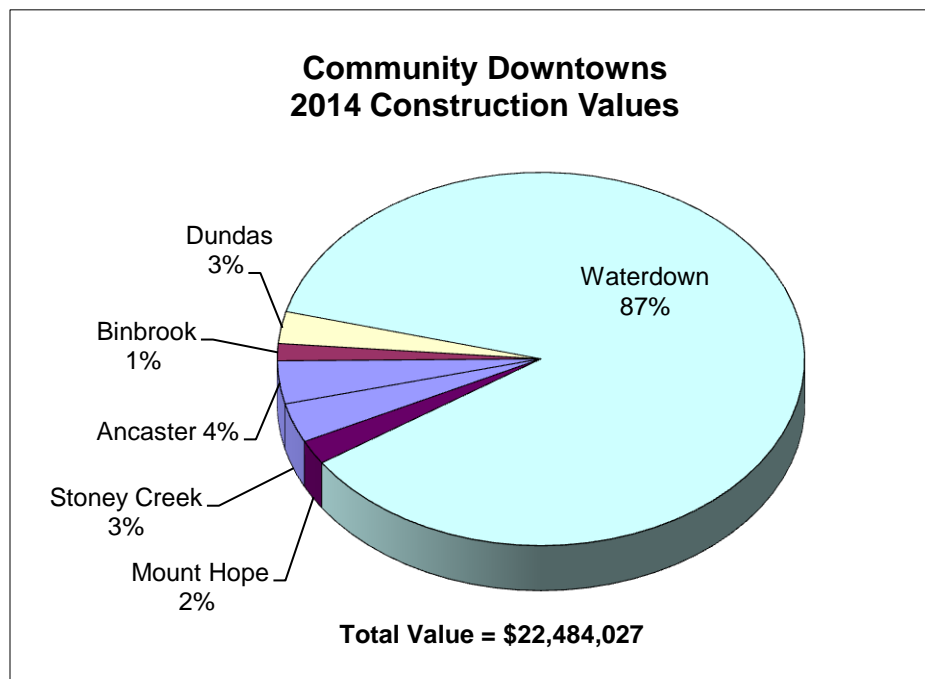


Figure 5

Honourable mentions include the following investments in 2014 to the Community Downtowns:

- Downtown Waterdown’s single largest construction value (\$13 M) is derived from the Branthaven Homes “Bohemian Towns” residential development, this infill project replaces the former Bohemian Restaurant with a total of 58 dwelling units consisting of maisonettes and townhouses;
- Waterdown also had significant commercial redevelopment at the Waterdown Shopping Centre which included upgrades to the existing Shopper’s Drug Mart and renovations to include a yoga studio De La Sol among others;
- Downtown Ancaster had a new Starbucks redevelopment in the commercial plaza at 240 Wilson Street East;
- Downtown Stoney Creek saw new construction of a two-storey mixed use building with ground floor commercial and an apartment on the second floor; and,
- Downtown Binbrook had alterations to a mixed-use building with heritage features comprising of a two-storey commercial component with three residential units on the second floor.

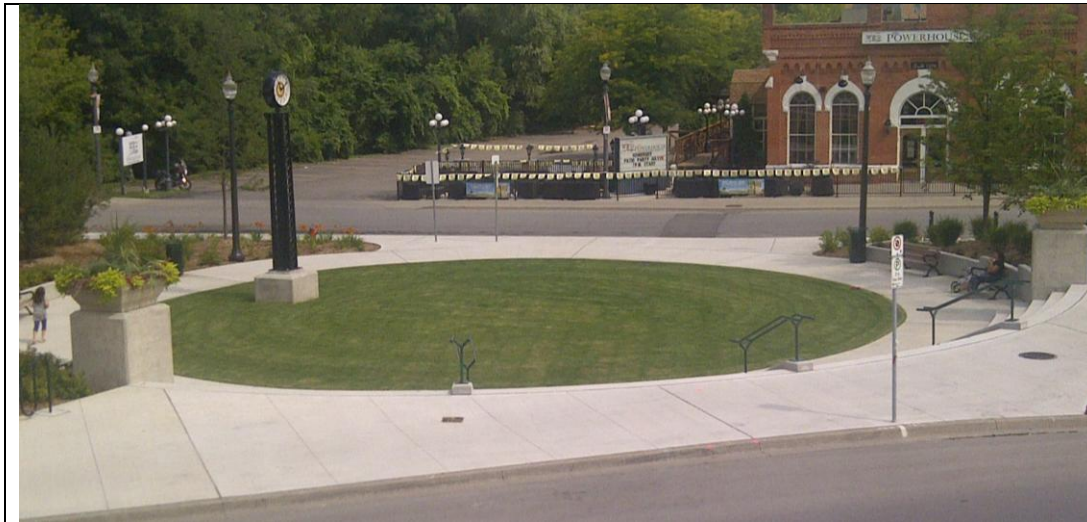
Urban Renewal Streetscapes and Parkettes Completed in 2014

The *Binbrook Village Parkette, Phase Two*, began construction in 2014. It consists of a trellis structure, lighting, additional seating and plant material.



Binbrook Village Parkette

The *Rotary Club Parkette* at the corner of Jones Street and King Street in Stoney Creek is a passive park with plant material and many seating opportunities. Construction was completed in 2014. The Rotary Club of Stoney Creek donated the Rotary International Clock, a focal centre piece of the parkette. A plaque will be designed and installed on the clock in 2015. Designs for the plinths will also occur in 2015 (see below).



Rotary Club Parkette, Stoney Creek



Proposed plaque for clock tower (2015)



Proposed art for plinth inset (2015)

The City's Public Works Department is undertaking a road re-construction project for King Street East within Stoney Creek. The extent of the project is between Centennial Parkway and Applewood Avenue. Urban Renewal is working with Public Works in order to assist in enhancing the streetscape designs, where possible.

The *Ancaster Gateway North* project was designed and built in 2014. It is located on Wilson Street East at Montgomery Drive Park. It was designed to complement the existing gateway and pedestrian crossing feature that was constructed on Wilson Street East, between Halson Street and Dalley Drive, at the entrance to the Ancaster BIA.



Ancaster Gateway North

Urban Renewal Streetscapes and Parkettes Proposed for 2015

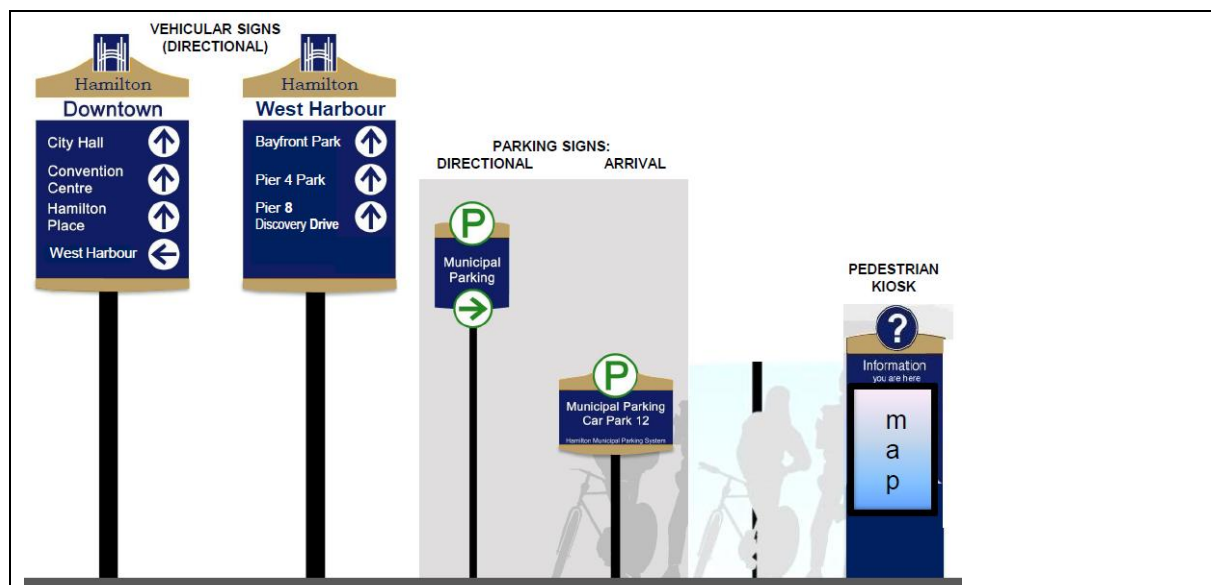
There are several projects that were identified to be included in the 2015 Urban Renewal work program. They are noted below.

The *Stoney Creek BIA Gateway* and *Streetscaping along King Street East* are projects that were designed in 2014 and will be constructed in 2015. The Gateway project is proposed to be located near the Rotary Club Parkette, at the intersection of King Street East and Jones Street. It is an artistic piece that reflects the "Battle of Stoney Creek".



Stoney Creek BIA Gateway

The City of Hamilton’s Wayfinding project for the Lower City is currently under way. The background research and conceptual design began in 2014. Phase 1 includes signage for City facilities and BIA’s within the Downtown Hamilton Community Improvement Project Area, plus major tourist attractions nearby (i.e. Dundurn Castle and Harbour West / Waterfront). The first group of signs to be installed will be the Vehicular signs, Municipal Parking system signs, and Pedestrian Kiosks prior to the opening ceremonies of the PanAm Games.



City of Hamilton Wayfinding Project for Lower City – Phase 1 (Downtown Hamilton Community Improvement Project Area and nearby Major Tourist Attractions)

The *Red Hill Business Park* has a gateway / entry feature proposed for the intersection of Dartnall Road and Stone Church Road. The proposal includes tying in the Trans Canada Trail with the intersection, and unifying the site with landscaping that is reflective of its location along the Niagara Escarpment.



Other projects to be initiated in 2015:

- International Village BIA Gateways
- Locke Street BIA Gateways
- Mount Hope Gateway
- Memorial Hall, Waterdown Landscape Plan

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED15023 – Location Map

Appendix “B” to Report PED15023 – Location Map

HM/JM/dw