



Hamilton

INFORMATION REPORT

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	June 16, 2015
SUBJECT/REPORT NO:	Status of LIUNA and McMaster University Downtown Construction Commitments (PED15082) (Ward 2)
WARD(S) AFFECTED:	Ward 2
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SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

Council Direction:

Staff were directed at the April 14, 2015 Planning Committee meeting “to report back to the Planning Committee respecting the status of the commitments of LIUNA and McMaster University to construct a second building in the downtown core.”

Information:

LIUNA

The City’s purchase from LIUNA of the restored Lister Block at 28 James Street North was completed on the March 30, 2012 closing date. LIUNA continues to own the adjacent vacant property at 46-52 James Street North, which was the site of the former William Thomas Building. The William Thomas Building was dismantled in 2010 concurrent with the Lister Block restoration due to structural problems of the William Thomas Building. As a condition of the Heritage Permit, building materials were catalogued and stored so that the William Thomas façade could be reassembled as part of a future redevelopment on the site.

The Agreement of Purchase and Sale for the Lister Block between the City and LIUNA Local 837 Lister Corporation, signed in June 2008, includes terms related to the

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redevelopment of the adjacent property at 46-52 James Street North and the holdback of \$1 M of the Lister Block purchase price. The agreement contained the following provisions:

- LIUNA is to construct a development(s) adjacent to the Lister Block property for “commercial and / or for-profit retirement living centre, or an equivalent development in terms of tax assessment, which development is acceptable to [the City], and which will generate an estimated \$600,000 or more per year in municipal taxes (not including educational taxes)”;
- The City is entitled to withhold from the Lister Block purchase price a holdback of \$1 M. In the event that LIUNA has not completed (“obtained Occupancy for”) the adjacent development by March 30, 2017 (the fifth anniversary of the closing date), the funds will be retained by the City in their entirety. The funds are to be kept in an interest-bearing account and returned to LIUNA should they meet the deadline;
- In the agreement, LIUNA acknowledged their responsibility for all fees, charges, levies, imposts, etc., including but not limited to heritage charges, parkland dedication fees or development charges related to the adjacent development;
- LIUNA provided 40 on-site surface parking spaces on the Lister Block property for exclusive use by, and at no cost to, the City. Should these spaces be required to facilitate the development of the adjacent property, LIUNA is required to ensure 40 spaces are provided within 300 m (in a commercial, industrial or downtown zone) of the Lister Block during construction; and,
- The City is required to provide any necessary easements to LIUNA to facilitate construction, development and ongoing operation of the adjacent property.

LIUNA and its development partner, Hi-Rise Ventures Inc., submitted a Request for Formal Consultation application on November 5, 2013 for a redevelopment proposal at 46-52 James Street North. It included a 112-unit residential condominium on 16 floors above and set back from a reconstructed, four-storey William Thomas façade along James Street. The four-storey podium would contain street level retail and office uses, with a four-level, 92 space parking structure in behind. The development would be 20 storeys in total.

The proposal was discussed at a Development Review meeting on December 4, 2013. Staff advised that the proposal would require studies (e.g. urban design report, parking analysis) to support planning applications (e.g. zoning by-law amendment / minor variance) to address issues such as parking and increased height, in addition to plan of condominium and site plan approvals. The proposal is required to fulfil the conditions of the existing Heritage Permit concerning the storage and reassembly of the William Thomas façade.

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No subsequent applications have been submitted to the City to date in regard to the redevelopment of 46-52 James Street North.

McMaster University

The City contributed \$20 M with a holdback condition of \$1 M to facilitate the development of the McMaster Health Campus at Main Street West and Bay Street South in Downtown Hamilton. Plans for redevelopment of the property at 100 Main Street West contemplated an ultimate build-out in two phases, with Phase 1 being the McMaster Health Campus, and Phase 2 proposed to include a mixed residential / retail complex on the north side of the site at King Street West.

Specific to Phase 2, the Conditional Financial Contribution Agreement between the City of Hamilton and McMaster University, signed in June 2012, states that the City will pay to the University \$1 M, provided:

“ (a) based on the estimated assessed value for Phase Two arising from building permit issuance for the construction of Phase Two, the City determines Phase Two will generate an estimated \$600,000.00 (Six Hundred Thousand Dollars) or more in municipal tax revenue on an annualized basis; and,

(b) Substantial Completion of Phase Two is achieved on or before July 1, 2020.”

It was not anticipated that Phase 2 development would begin until at least the time of the opening of the McMaster Health Campus (Phase 1); however, it was expected that Phase 1 would be completed by 2014. The official opening date of the new building, now named the David Braley Health Sciences Centre, was May 15, 2015.

A severance application to split 100 Main Street West into Phase 1 and Phase 2 parcels, scheduled for the January 23, 2014 Committee of Adjustment, was withdrawn by McMaster University. No other Phase 2 development applications or Request for Formal Consultation have been submitted to the City to date. It was anticipated that the Phase 2 initiative would be led by the University and a private-sector partner. As of July 1, 2015, there will be five years remaining for McMaster University to achieve the deadline for the conditional \$1 M grant.

AW/th