



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 17, 2016
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 467 Charlton Avenue East (ERG15-03) (PED16037) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Judy Lam (905) 546-2424 Ext. 4178
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-15-03, submitted by 467 Charlton Avenue Inc. (Ronald Van Kleef), owner of the property at 467 Charlton Avenue East, Hamilton, for an ERASE Redevelopment Grant not to exceed \$2,129,400, the actual cost of the remediation, over a maximum of ten years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Agreement;
- (b) That the Mayor and City Clerk be authorized and directed to execute the ERASE Redevelopment Agreement together with any ancillary documentation required, to effect recommendation (a) of Report PED16037, in a form satisfactory to the City Solicitor;
- (c) That the General Manager of the Planning and Economic Development Department be authorized to approve and execute any grant amending agreements, together with any ancillary amending documentation, if required, provided that the terms and conditions of the Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant, as approved by City Council, are maintained.

EXECUTIVE SUMMARY

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted by 467 Charlton Avenue Inc. (Ronald Van Kleef), the owner of the property located at 467 Charlton Avenue East, Hamilton. The property is located west of the northwest corner of the intersection of Charlton Avenue East and Wentworth Street South. The property is presently vacant but was most recently occupied by tenants including Ontario Patient Transfer and Symphony Limousine. A large industrial-type building, previously located on the eastern portion of the property, was demolished in 2014. Other past uses include vehicle servicing for a taxi service. This activity has involved the storage of bulk oil (above ground tank) and lubricants, oil and grease used for vehicle servicing / maintenance, and related waste products. The parking areas located to the east and west of the building are a combination of asphalt and gravel cover.

The grant application is for \$2,129,400 in eligible environmental site remediation. The proposed redevelopment of this site includes two six-storey and one five-storey multi-residential buildings for a total of 152 dwelling units and a parking structure under all three towers. Project construction costs are estimated at \$30,000,000. It is estimated that the proposed development will increase the Current Value Assessment (CVA) on the site from the pre-development value of \$390,000 (CT - Commercial) to approximately \$49,000,000 (RT - Residential). This will increase total annual property taxes generated by this property from \$14,124.78 to \$677,846.89, an increase of approximately \$663,722.11. The municipal portion of this increase is \$573,120.36 of which 80% or approximately \$458,496.29 would be paid to the owner in the form of an annual grant over a maximum of ten years or up to an amount not to exceed total estimated eligible costs for an ERASE Redevelopment Grant of \$2,129,400.



Artist Rendering - Vista Condos on Charlton



Vista Condos on Charlton Patio

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As per the ERASE Redevelopment Grant Program (RGP), the City will provide the applicant with a grant equivalent to 80% of the increase in municipal taxes up to the total eligible cost figure of \$2,129,400. During the fifth year, the total eligible grant (\$2,129,400) will have been advanced to the applicant based on an annual grant in the amount of \$458,496.29 and the City will start to reap the tax benefits of this application. The City will realize the full tax increase during year six.

The City will retain 20% of the municipal tax increment, approximately \$114,624.07 a year for up to ten years, up to an amount not to exceed 20% of the total estimated clean-up costs. These monies will be deposited into the Brownfield Pilot Project Account – Project ID #3620155102 - to be used by the City for its Municipal Acquisition and Partnership Program (MAPP). This Program, as approved in the ERASE Community Improvement Plan (CIP), involves the City acquiring key Brownfield sites, cleaning up and redeveloping property it already owns, or participating in public / private partnerships to redevelop Brownfield properties.

Staffing: Applications and loan / grant payments under the ERASE RGP are processed by the Economic Development Division and Taxation Division. There are no additional staffing requirements.

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Legal: The provision of the ERASE RGP is authorized in the ERASE CIP which was adopted and approved in 2001 and the expansion of the original plan in 2005 and 2010 under Section 28 of the *Planning Act*. The Redevelopment Agreement will specify the obligations of the City and the applicant and will be prepared in a form satisfactory to the City Solicitor.

HISTORICAL BACKGROUND

The property to be remediated is located on the north side of Charlton Avenue East, west of the northwest corner of the Charlton Avenue East and Wentworth Street South. The property is irregular in shape, and has an area of about 1.2 hectares (2.95 acres). The developed portion of the property accounts for about 62% (0.73 hectares). A large industrial-type building is established on the eastern portion of the property. The remaining portions of the property include asphalt paved areas to the east and west of the building, and treed / vegetated areas along slopes on the north and south sides of the property.

The proposed future use involves the redevelopment of the property for residential. Section 168.3.1 of the *Environmental Protection Act* would prohibit new use unless a Record of Site Condition is filed. The property is located to the immediate north of, and within 30 metres of, the Niagara Escarpment, an area that is designated as Environmentally Significant. The review of the Niagara Escarpment Plan indicated that the area to the immediate south of the property is identified as an Escarpment Natural Area and lies within lands identified as the "Urban Area" that are under the jurisdiction of the Niagara Escarpment Commission. On the basis of the above, the property would be classified as a sensitive site, and the applicable site condition standards would be Table 1 standards (Full Depth Background Site Condition Standards) as defined in the Ontario Ministry of Environment (MOE) "Soil, Ground Water and Sediment Standards for Use under Part XV.1" of the *Environmental Protection Act* dated April 15, 2011 (herein referred to as *O. Reg. 153/4 Table 1 SCS*).

The property was initially in residential use until it was redeveloped in the late 1950s to early 1960s. It had also operated as a recreational property (bowling / snack bar) until the late 1990s. Most recently the property was used for vehicle servicing of commercial fleets, initially as a taxi service and most recently, Ontario Patient Transfer. These activities involved the storage of bulk oil and lubricants, oil and grease used in the maintenance and service of the vehicles. Activities were concentrated near the northwest corner of the building. The parking areas located to the east and west of the building are a combination of asphalt and gravel cover. There is a potential for infiltration of de-icing salts to be a contaminating activity.

The Remedial Action Plan will include the removal of the oil / water separator, the abandonment of the existing ground water monitoring wells, off-site disposal of any excess soil generated during the site redevelopment activities to a licensed waste

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management facility, and the implementation / construction of the Risk Management Measures (RMMs) in accordance with the conditions of the Certificates of Property Use (CPU) that is issued for the property by the Ministry of Environment and Climate Change (MOECC).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan (UHOP)

The new Urban Hamilton Official Plan (UHOP) designates the subject lands as “Neighbourhoods” on Schedule “E” – Urban Structure, and is further designated as “Neighbourhoods” on Schedule “E-1” - Urban Land Use Designations.

The “Neighbourhoods” designation permits uses such as residential dwellings, open space and parks, local community facilities / services and local commercial uses. The general policy goals of the “Neighbourhoods” designation are to develop mixed-use, friendly neighbourhoods, where people can live, work, shop, learn and play.

The proposed development conforms to the UHOP.

Hamilton Zoning By-law Nos. 6593 and 05-200

The proposed development is zoned as “E/S-1710-H” (Multiple Dwellings, Lodges, Clubs, etc.) District, Modified, Holding and Conservation / Hazard Land (P5) Zone in By-law No. 05-200. The site-specific zone permits the development of the lands for multiple dwelling uses with a maximum of 162 dwelling units in three buildings, each having a maximum height of six storeys, including a section of open space along the rear of the subject property. Other design and built form provisions have been incorporated into the implementing regulations for the proposed buildings. A Holding “H” provision was also incorporated into the site specific zone, which can only be lifted or removed once a Record of Site Condition and an External Works Agreement is entered into for servicing and registered on title.

RELEVANT CONSULTATION

Staff from the Taxation Division, Corporate Services Department, and the Legal Services Division, City Manager’s Office, was consulted and the advice received is incorporated into Report PED16037.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

The 2015 assessed value is \$390,000 and the property is classed as Commercial (CT).

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The ERASE RGP will be calculated as follows:

Grant Level:	80%	
Total Eligible Costs (Maximum):	\$ 2,129,400	
 *Pre-project CVA: (CT)	 \$ 390,000	 Year: 2015
Municipal Levy:	\$ 9,176.53	
Education Levy:	\$ 4,948.25	
Pre-project Property Taxes	\$ 14,124.78	
 ** Estimated Post-project CVA: (RT)	 \$ 49,000,000.00	 Year: TBD
 *** Estimated Municipal Levy:	 \$ 582,296.89	
Estimated Education Levy:	<u>95,550.00</u>	
Estimated Post-project Property Taxes:	\$ <u>677,846.89</u>	

*The pre-development assessed value / tax classification may change as it includes the value of the building which was demolished. A municipal application for 2015 taxation has been generated for an adjustment to the assessment / taxes pertaining to the demolished building.

**The actual assessed value, tax classification(s) and value partitioning (where applicable) to be determined by the Municipal Property Assessment Corporation

***2015 tax rates used for calculation of estimated property taxes
Municipal Tax Increment = Post-project Municipal Taxes (actual) minus Pre-project Municipal Taxes

“Grant Payment in Year One” (first full calendar year after re-valuation of the completed and occupied project by the Municipal Property Assessment Corporation) or the “Initial Grant Payment” = Municipal Tax Increment x 80%

ALTERNATIVES FOR CONSIDERATION

The grant application meets the eligibility criteria and requirements of the program. In the event the project is not considered for the program, the application should be referred back to staff for further information on possible financial or legal implications.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.1 Continue to grow the non-residential tax base.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.3 Enhance customer service satisfaction.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED16037 - Location Map

JL/dkm