



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**  
**Planning Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	March 23, 2016
<b>SUBJECT/REPORT NO:</b>	Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Hazel Milsome (905) 546-2424 Ext. 2755 Alissa Golden (905) 546-2424 Ext. 1214
<b>SUBMITTED BY:</b>	Jason Thorne General Manager Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That \$400 K be transferred from the Hamilton Community Heritage Fund Loan Program Reserve #102049 to the Hamilton Heritage Property Grant Program Capital Project ID #8201541800;
- (b) That \$400 K be transferred from the Hamilton Community Heritage Fund Loan Program Reserve #102049 to the Part IV Designation of Property Capital Project ID #8121255620.

**EXECUTIVE SUMMARY**

The Hamilton Community Heritage Fund (HCHF) Loan Program Reserve #102049 has a balance of \$899,957.84. The only cost debited from the Reserve is the foregone interest for loans advanced under the HCHF which averages \$5,626.06 annually. Staff are therefore recommending that \$800 K be transferred to two City initiatives namely the Hamilton Heritage Property Grant Program and the Part IV Designation of Property Project.

The Hamilton Heritage Property Grant Program offers grants towards stability/structural work as well as work required to preserve heritage features on designated properties. The program is popular however at the time of writing this report, the available balance in Capital Budget ID#8201541800 was \$117,128.33. The transfer of \$400 K from

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 2 of 10**

---

Reserve #102049 to the Hamilton Heritage Property Grant Program would negate the need for staff to forward a Capital Budget submission request in 2017 and possibly 2018, which would be funded through the levy.

The Part IV Designation of Property Capital Project funds are utilized to retain consultants from the City of Hamilton's Professional and Consultant Services Roster to undertake comprehensive cultural heritage assessment work for the purposes of designating property under Part IV of the *Ontario Heritage Act*. The assessment work is based on the Council-approved work plan, which anticipates the designation of approximately four properties per year until 2025. At the time of writing this report, the available balance in the account was \$106,150.81, of which approximately \$80 K, plus contingency, will be committed to consulting work in 2016 / 17. Transferring a portion of the funds from the HCHF Reserve to the Part IV Designation of Property Capital Project Account will assist staff with the ongoing inventory, evaluation and designation work for built heritage resources and cultural heritage landscapes.

***Alternatives for Consideration – See Page 9***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** Loans approved under the HCHF are advanced from the City of Hamilton and individually tracked as loans receivable. The foregone interest is charged to the HCHF Loan Program Reserve #102049. The interest charged to the account over the last seven years (January 2009 – January 31, 2016) was \$39,382.47, which averages \$5,626.06 annually. The balance in the HCHF Loan Program Reserve #102049 as of February 12, 2016 is \$899,957.84.

Grants approved under the HHPGP are / were funded from the following:

2016	Downtown Block	\$ 100,000.00 - Capital Project #8201641800
2014	Downtown Block	\$ 250,000.00 - Capital Project #8201441800
2013	Downtown Block	\$ 200,000.00 - Capital Project #8201341800*
2010	Downtown Block	\$ 50,000.00 - Capital Project #8201241800*
2009	Downtown Block	\$ 100,000.00 - Capital Project #8200941800*
2008	Downtown Block	\$ 100,000.00 - Capital Project #8200841800*
2007	Main Street	<u>\$1,493,742.24</u> – Reserve #102048
<b>TOTAL</b>		<b>\$2,293,742.24</b>

\*Note: These Capital accounts are now closed.

The uncommitted balance remaining in the Capital accounts is \$117,128. A chart identifying grants approved and committed under the HHPGP is

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 3 of 10**

---

provided under the Analysis and Rationale for Recommendation Section of Report PED16049.

The Part IV Designation of Property Capital Project Account (ID #8121255620) was approved by Council in 2012, with a total budget of \$220 K dispersed over three years, with the final instalment of \$60 K in 2014. At the time of writing this report, the available balance of the Account was \$106,150.81 of which \$80 K, plus contingency, will be committed to consulting work in 2016 / 2017.

The balance remaining in the HCHF Loan Program Reserve for interest purposes would be \$99,957.84.

**Staffing:** There are no staffing implications. Loans under the HCHF and grants under the HHPGP will continue to be administered by staff within the Urban Renewal and Development Planning, Heritage and Design Sections of the Planning and Economic Development Department, as well as within the Finance and Administration Section of the Corporate Services Department. The work program for designation under Part IV of the *Ontario Heritage Act* is accommodated by staff within the Development Planning, Heritage and Design Section of the Planning and Economic Development Department.

**Legal:** In 1985, the former Corporation of the City of Hamilton entered into a legal agreement with the former Ministry of Citizenship and Culture for the Province of Ontario, now known as the Ministry of Tourism, Culture and Sport, which stipulated how the fund was to be administered and managed. In a letter from the Director of Programs and Services Branch, Culture Division of the Ministry of Tourism, Culture and Sport, dated August 27, 2015, the Director confirmed that the Ministry considers that its agreement with the City of Hamilton is terminated. The Director further confirmed that the proposal to utilize a portion of the fund for the administration of the HHPGP, as well as for City-initiated heritage project work, fully align with provincial interest in encouraging municipal action to conserve community heritage.

## **HISTORICAL BACKGROUND**

### **Hamilton Community Heritage Fund Loan Program Reserve**

The former City of Hamilton established the HCHF in the mid-1980s (By-law No. 85-120) as part of the Province of Ontario's Building Rehabilitation and Improvement Campaign (BRIC). The intent of the "Community Heritage Fund Program" component

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 4 of 10**

---

of BRIC was to “financially assist municipalities in establishing permanent capital funds for the purpose of investing in architectural conservation within the municipality.”

The Agreement entered into by both parties (the Province of Ontario and the former City of Hamilton) established a fund that originally comprised approximately \$440 K made up as \$250 K from the Province and \$191,666.67 from the former City of Hamilton.

The intent of the HCHF, as indicated in the Agreement, was to establish a permanent capital fund for the purpose of investing in architectural conservation. Specifically, the fund was to be used for:

- Loans for the purchase and / or conservation of heritage property;
- Guaranteeing loans for the purchase and / or conservation of heritage property; and,
- Grants to owners of designated heritage property for the conservation of the property.

A heritage property is defined as a property designated under the *Act*. The HCHF was originally intended to be a revolving program with the former City of Hamilton offering low-interest loans for eligible conservation work for properties designated under the *Act*. Prior to amalgamation, the former City of Hamilton offered interest-free loans of up to \$20 K repayable over a ten-year period and secured by a lien. The Agreement with the Province of Ontario stipulated that loans of \$15 K or more required a heritage conservation easement between the property owner and the City (*conservation easements are registered on title prior to the first advance to an applicant*). A heritage conservation easement is an agreement registered on title to the property in perpetuity that can provide for more comprehensive protection than designation, including requirements for proper maintenance of heritage features, adequate insurance and stronger protection against demolition. A property can be protected by both an easement and designation. The negotiation of a heritage conservation easement agreement, in addition to designation, reflects the employment of the full range of protection measures available to the municipality to ensure the long-term protection of a heritage property.

In order to be eligible for the heritage funding, buildings or structures must be designated either individually under Part IV of the *Ontario Heritage Act* or collectively as a heritage conservation district, under Part V of the *Act*. Funding is available only for work that conserves or restores the historic fabric and significant architectural elements of a building. Interior features are only eligible for funding if specifically mentioned in the Reasons for Designation, the Statement of Cultural Heritage Value or Interest, or a Description of Heritage Attributes accompanying the Designation By-law (applicable only to properties designated under Part IV of the *Act*). Routine maintenance and repair is not eligible.

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 5 of 10**

---

In September 2001, City Council authorized that the HCHF be made available to all eligible heritage property owners within the newly amalgamated municipality. In April 2005, City Council increased the maximum loan amount under the Program to \$50 K, through Report PED05091.

**Hamilton Heritage Property Grant Program**

The Committee of the Whole, at its meeting held April 13, 2007, directed staff to report back with a cost analysis and project details of four Downtown Project Initiatives, including a program that would offer financial assistance for the conservation and preservation of heritage properties. Staff reported back, in Report PED07123(b) / FCS07068, which was subsequently approved by City Council, at its meeting held August 8, 2007. The approval included the introduction of the Downtown HHPGP with funding for the Program being derived from the Main Street Housing Program Reserve #102048 in the amount of \$1.350 M.

Originally offered exclusively to property owners within the Downtown Hamilton Community Improvement Project Area, City Council, at its meeting held February 25, 2009, extended the Program to the Business Improvement Areas, and on February 13, 2013, to Community Downtowns, Barton Street East and Kenilworth Avenue North and the lower City between Highway 403 and the Red Hill Valley Parkway. The most recent expansion of the Program was to the Mount Hope / Airport Gateway, which was approved by City Council, at its meeting held November 13, 2013.

The Program offers a grant for structural / stability work required to conserve and restore heritage features of properties, and, the conservation and restoration of heritage features of properties that are designated under Parts IV or V of the *Ontario Heritage Act*. For projects valued at \$40 K or less, the grant is based on 50% of the total project cost, to a maximum grant of \$20 K for eligible work under the Program. For projects valued over \$40 K, the grant includes \$20 K (i.e. 50% of \$40 K), plus an additional grant based on 25% of the total project cost over \$40 K, to a maximum additional grant of \$130 K. The Program also offers an additional \$20 K grant for heritage-related reports / assessments / studies per municipal address. In total, no more than \$150 K will be granted for eligible work under the Program per municipal address.

**Part IV Designation of Property Capital Project Account**

The Part IV Designation of Property Capital Project Account (ID #8121255620) was approved by Council in 2012, with a total budget of \$220 K dispersed over three years, with the final instalment of \$60 K in 2014. The Account provides funding for staff to retain consultants from the City of Hamilton's Professional and Consultant Services Roster to undertake comprehensive cultural heritage assessment work for the purposes of designating property under Part IV of the *Ontario Heritage Act*. The assessment

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 6 of 10**

---

work is based on the Council-approved work plan, which anticipates the designation of approximately four properties per year until 2025.

At the time of writing this report, the available balance of the Account was \$106,150.81, of which approximately \$80 K, plus contingency, will be committed to consulting work in 2016 / 2017.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

### **Urban Hamilton Official Plan**

Volume 1, Section 3.4 - *Cultural Heritage Resources Policies* of the Urban Hamilton Official Plan (UHOP) states that the City shall “protect and conserve the tangible cultural heritage resources of the City, including archaeological resources, built heritage resources, and cultural heritage landscapes” (B.3.4.2.1(a)). The policies also provide that the “City may, by By-law, designate individual and groups of properties of cultural heritage value under Parts IV and V, respectively, of the *Ontario Heritage Act*” (B.3.4.2.3). In addition, the City shall “support the continuing use, reuse, care, and conservation of cultural heritage resources and properties by encouraging property owners to seek out and apply for funding sources available for conservation and restoration work” (B.3.4.2.1(f)). Finally, the City shall “encourage a city-wide culture of conservation by promoting cultural heritage initiatives as part of a comprehensive environment, economic, and social strategy, where cultural heritage resources contribute to achieving sustainable, healthy, and prosperous communities” (B.3.4.1.2.). These policies demonstrate Council’s commitment to the identification, protection, and conservation of the cultural heritage resources, and the recommendations of this Report are consistent with these policies.

## **RELEVANT CONSULTATION**

Staff from the Finance and Administration Division, Corporate Services Department was consulted and the advice received is incorporated into this Report.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**

### **Hamilton Community Heritage Fund**

From January 1, 2009, to February 2016, City Council approved loan commitments for 14 applicants in the total amount of \$526,320.70. As of January 31, 2016, a total of \$456,983.70 has been advanced in loans of which \$249,371.81 has been repaid, with \$207,611.89 being repaid as per the terms of the Program. \$69,337 is committed in loans but has not been advanced. The cost of the Program is the interest charged to

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 7 of 10**

---

the HCHF Reserve which, as of January 31, 2016, was \$39,382.47. Detailed information on the administration of the HCHF Program is not available until 2009.

***January 1, 2009 – January 31, 2016***

Number of Loan Commitments	14
Total Loan Commitments	\$526,360.70
Loans Advanced	\$456,983.70
Loans Paid Back	\$249,371.81
Loans Outstanding	\$207,611.89
Loans to be Advanced	\$69,337.00
Interest Paid	\$39,382.47

**Hamilton Heritage Property Grant Program**

Since its inception in 2008, grant commitments in the amount of \$1,326,613.91 have been approved. City Council has also approved conditional grants in the amount of \$850 K for 18-28 King Street East. The condition is that the properties are designated under the *Act* and that the property owner submits completed HHPGP applications by December 31, 2016. As of February 2016, a total of \$1,066,194.48 has been advanced in grants and \$260,419.43 will be advanced upon the applicants' meeting the terms of the Program, not including the \$850 K for 18-28 King Street East.

***Since inception***

Number of Grant Commitments / Conditional Commitments	27
Total Grant Commitments	\$1,326,613.91
Total Conditional Grant Commitments <i>(for 18-28 King Street East)</i>	\$850,000.00
Grants Advanced	\$1,066,194.48
Grants Approved to be Advanced <i>(not including 18-28 King Street East)</i>	\$260,419.43
Uncommitted Funds Available for Future Grants	\$117,128.33

Part of the challenge of meeting the policies of the UHOP, as detailed under the Policy Implications and Legislated Requirements of this Report, is that the majority of heritage resources are owned by the private sector. The HCHF and HHPGP were created to assist private property owners with the greater financial burden of restoring and re-using heritage properties. The Programs complement other financial incentive tools offered to assist in the urban revitalization and regeneration of our commercial cores and the City as a whole.

Feedback from applicants is that they prefer to apply for grants rather than loans due to the requirement and cost to secure the loan on title (and in some cases a heritage conservation easement), as well as the need to meet the requirement that they have 25% equity in the property. Applicants must also have the financial capacity to repay the loan which is determined, through the evaluation of their personal net-worth.

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 8 of 10**

---

Administratively, grants are simpler to process and there is less risk to the City as funds are not advanced until work has been completed and invoices paid in full by the applicant. Further, promoting heritage conservation through grants gives the municipality control in what type of work is “eligible”, and ensures that the actual work is completed to the City’s approval prior to funding under the Program being advanced. Requiring the property owner to match a portion of the cost provides additional private investment and demonstrates a financial commitment on behalf of the owner.

The transfer of \$400 K from the HCHF Loan Program Reserve to a capital account to fund grants under the HHPGP will negate the need for staff to forward a Capital Budget submission request in 2017, which would be funded through the levy.

### **City-Initiated Heritage Project Work**

The Part IV Designation of Property Capital Project Account (ID #8121255620) provides funding for staff to retain consultants from the City of Hamilton’s Professional and Consultant Services Roster to undertake comprehensive cultural heritage assessment work for the purposes of designating property under Part IV of the *Ontario Heritage Act*. The assessment work is based on the Council-approved work plan, which anticipates the designation of approximately four properties per year until 2025. The designation work plan is not static and continues to grow with each new request for designation and the identification of candidates for designation through City-initiated heritage inventory work, such as the “Durand Built Heritage Inventory” project that is currently underway.

At the time of writing this report, the available balance of the Account was \$106,150.81, of which approximately \$80 K, plus contingency, will be committed to consulting work in 2016 / 2017. The current Council-approved designation work program proposes cultural heritage assessment work into 2025, while the available funds for staff to retain consultants are anticipated to be depleted by 2017. Transferring a portion of the funds to the Part IV Designation of Property Capital Project Account will assist staff with the ongoing inventory, evaluation and designation work for built heritage resources and cultural heritage landscapes.

### **Conclusion**

Once the \$400 K has been transferred to the HHPGP and the \$400 K has been transferred for City-initiated heritage project work, the remaining funding in the HCHF (\$99,957.84) could fund the average foregone annual interest charged on loans advanced for approximately 18 years.



## **ALTERNATIVES FOR CONSIDERATION**

### **Option One: Decline the Transfer of Funds to the HHPGP**

The HHPGP funding is depleted and, without the transfer of funds, only \$117,128 in grants can be approved in 2016. While the City's grant commitments total \$1,326,613.91, the Program has leveraged \$9,465,271 of private investment, a ratio of 1:7. Even though this option would not be recommended by staff, if City Council chose this option, staff would plan to forward a capital submission for consideration during the 2017 capital budget deliberations. This option is not recommended.

### **Option Two: Decline the Transfer of Funds for City-initiated Heritage Project Work**

The Part IV Designation of Property Capital Project Account is expected to be depleted by 2017. By declining to transfer funds to this account, staff will not be able to retain consultants to address the priority list of properties on staff's work program for designation and staff would plan to forward a Capital submission for consideration during the 2017 capital budget deliberations. This alternative is contrary to the Council-approved designation process and to existing planning policies for the identification, evaluation and protection of significant cultural heritage resources. This option is not recommended.

### **Option Three: Redirect Funds to Other City Initiatives**

This alternative is contrary to the intent of the Agreement entered into by the Province of Ontario and the former City of Hamilton to establish a permanent Capital fund for the purpose of investing in architectural conservation. Specifically, the fund was to be used for loans and grants either for the purchase or conservation of heritage properties. The transfer of funds from the HCHF to the HHPGP and to the Part IV Designation of Property Capital Project Account does not deviate from the original intent of the Agreement as the City will continue to maintain a permanent fund for the purpose of investing in the conservation of architectural heritage with funding being utilized for loans and grants for the conservation of heritage property.

## **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

### **Strategic Priority #1**

A Prosperous and Healthy Community

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

**SUBJECT: Transfer of Hamilton Community Heritage Fund Loan Program Reserve Funding to the Hamilton Heritage Property Grant Program and Part IV Designation of Property Capital Project Account (PED16049) (City Wide) - Page 10 of 10**

---

**Strategic Objective**

- 1.1 Continue to grow the non-residential tax base.
- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 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 and Sustainable Services

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

**Strategic Objective**

- 2.3 Enhance customer service satisfaction.

**APPENDICES AND SCHEDULES ATTACHED**

N/A

hm:ag:hk