

Summary of Amendments to Incentive Programs

Hamilton Downtown, Barton and Kenilworth Multi-Residential Property Investment Program

The existing program provides financial assistance to projects that are predominantly residential in the Downtown Hamilton Community Improvement Project Area. It provides an interest free loan based on 25% of the cost to construct budget to a maximum of \$5 million per development. Eligible projects include renovations to existing multiple dwellings and the creation of new multiple dwellings on vacant land. The maximum loan term is five years and six months with the interest rate at 0% for the first five years. The amendments proposed to the terms and conditions of the program are:

- Expand the program to the Barton and Kenilworth Commercial Corridors (*in recognition of the development challenges faced in these corridors*);
- Incorporate an affordable housing component (*to align with the concern raised during public engagement on housing affordability*);
- All-suite hotels no longer eligible (*in recognition of the limited resources for the program and that priority projects for funding are condominium or apartment buildings rather than hotels*);
- Limit the maximum loan to \$4 M from the current \$5 M per development (*in an effort to fund more applications and, based on the average loan being \$3,708,940 since the program terms were changed to offer a loan of up to 25% of the cost to construct*);
- Limit the maximum loan per developer or related group to \$10 M at one time from a maximum of \$18 M currently (*\$18 M is a large percentage of the program's portfolio therefore a reduced maximum is preferable*);
- Remove the option of extending the maximum loan term to 15 years (*recognizing that this option has never been implemented and the fact that limiting the repayment term to 5 years will recycle the funding quicker therefore allowing other development projects to be funded with the limited resources*);
- Strengthen the wording for when a property is sold dictating that the loan will be cancelled and any outstanding balance will be repaid (*based on the loan being an incentive to develop a project and once the project is developed, the City's objective has been achieved: the loan is not a tool to negotiate a higher selling price*); and,
- Change the title of the program to the Hamilton Downtown / Barton and Kenilworth Multi-Residential Property Investment Program.

Hamilton Tax Increment Grant Program

The existing program provides a five year grant based on the increase in the municipal portion of the realty taxes attributed to the redevelopment of residential or commercial lands and buildings located within Downtown Hamilton, Community Downtowns, the Mount Hope / Airport Gateway, Business Improvement Areas and the commercial corridors along Barton Street and Kenilworth Avenue North, as identified in the

Downtown and Community Renewal CIPA By-law. The grant is at 100% of the municipal realty tax increase during the first year, 80% in year two, 60% in year three, 40% in year four and 20% in year five. The primary amendments proposed to the terms and conditions of the program are:

- Expand the program to properties designated under the *Ontario Heritage Act* anywhere in the City, including the rural area *(to encourage the preservation of historic buildings in the ownership of the private sector and to align with concerns raised during public engagement on the associated preservation costs no matter where properties are located within the City)*;
- Advancement of 75% of the yearly grant if an assessment appeal has been filed with the Municipal Property Assessment Corporation with necessary adjustments to the amount of the yearly grant being made upon final settlement, will no longer be an option *(in recognition of the work required to administer the 75% advancement)*;
- The first year grant will be at the end of the first full calendar year of reassessment, with the option for the applicant to receive the grant at the end of the first year of reassessment, however forfeiting the grant for the month(s) of the year the reassessment does not apply *(in recognition that actual tax amounts are not final until the annual Tax Levy By-law has been approved by City Council therefore if a first year grant was from March 2016 to February 2017, staff would not know the January and February 2017 taxes to base the grant on)*; and,
- Strengthen the wording for when a property is sold dictating that the grant will be terminated for projects other than residential condominiums when an applicant is not assigning the grant to the first purchasers of each condominium unit *(based on the loan being an incentive to develop a project, once the project is developed, the City’s objective has been achieved: the grant is not a tool to negotiate a higher selling price)*.

BIA Commercial Property Improvement Grant Program

The program is offered to property owners and authorized tenants of commercial properties located within Hamilton’s active business improvement areas. The program offers matching grants for external improvements to commercial properties. For properties that have a street frontage greater than 25 feet, the grant is based on \$400 per linear feet of frontage to a maximum of \$20 K. The maximum matching grant for properties with a street frontage of 25 feet or less is \$10 K. Corner properties, or those having at least one side exposed, may be eligible for a matching grant of \$25 K. Artfully designed façade improvements or art pieces placed on private property that can be viewed by the public, may be eligible for an additional \$10 K matching grant. Amendments proposed to the terms and conditions of the program are:

- Introduce barrier-free improvements and other limited interior improvements as eligible items *(in recognition of the cost to meet provincial AODA barrier free requirements as well as some interior improvements as discussed during public engagement)*;

- Restrict the maximum grant from one application per property, per calendar year to owners / authorized tenants being able to apply for a maximum grant per property during a five-year period with exceptions being made at the sole discretion of the General Manager, Planning and Economic Development if a new tenant / owner is occupying the property and applies for new signage only (*in an effort to sustain the program*); and,
- Introducing a 100% grant to a maximum of \$3 K per application towards professional fees and some City of Hamilton fees as part of the total grant awarded under the program (*in recognition that these costs can be significant to an applicant therefore providing the applicant with the option to utilize a portion of the grant for those costs*).

Commercial Corridor Housing Loan and Grant Program

The program offers financial assistance for the construction of new residential units and renovation of existing residential units within Downtown Hamilton, Community Downtowns, the Mount Hope / Airport Gateway, Business Improvement Areas and “main street” commercial corridors as identified in the Downtown and Community Renewal CIPA By-law. The loan is calculated on the basis of \$15 K per dwelling unit, to a maximum of \$600 K per property. The grant provides up to a \$5 K grant per property for professional fees paid. A minimum of 50% of the loan per unit must be spent on the dwelling unit while the remaining 50% can be spent on common elements such as roofing, fire escapes, furnaces and entranceways. The primary amendments proposed to the terms and conditions of the program are:

- Expand the program to properties designated under the *Ontario Heritage Act* anywhere in the City, including the rural area (*to encourage the preservation of historic buildings in the ownership of the private sector and to align with concerns raised during public engagement on those associated costs no matter where properties are located within the City*);
- Introduce an affordable housing component (*to align with the concern raised during public engagement on housing affordability*);
- Increase the maximum loan to \$20 K per unit from \$15 K per unit (*increasing the loan amount may encourage additional residential development*);
- Expand the eligible fees under the \$5 K grant component for professional fees, to include some City of Hamilton fees such as building permit, road occupancy, street occupancy (*in recognition that these costs can be significant to an applicant and providing the applicant the option to utilize a portion of the grant for those costs*); and,
- Expand the program to include the creation of “accessory units”, also known as basement apartments, within existing dwellings (*to align with the concern raised during public engagement on housing affordability*).

Hamilton Heritage Property Grant Program

The program offers grants up to \$150 K for the conservation and restoration of heritage features of properties designated under Parts IV or V of the *Ontario Heritage Act*. Works required to restore heritage buildings to structural soundness are also eligible for funding. Properties must be located in Downtown Hamilton, a Community Downtown, the Mount Hope / Airport Gateway, an active Business Improvement Area, or located within the lower City between Highway 403 and the Red Hill Valley Parkway and used for commercial, institutional or multi-residential purposes. The program also offers a \$20 K grant for heritage studies. There is only one primary amendment proposed to the terms and conditions as follows:

- Expand the program to all of the commercial corridors as identified in the Downtown and Community Renewal CIPA By-law (*in recognition of the expense of specialized trades and stability work required when preserving heritage properties and to provide an added incentive to preserve privately-owned heritage properties within the commercial corridors*).

Office Tenancy Assistance Program

This program provides a low interest loan to property owners or authorized tenants to support eligible leasehold improvements to office buildings located within Downtown Hamilton, Community Downtowns, the Mount Hope / Airport Gateway, Business Improvement Areas and the commercial corridors along Barton Street and Kenilworth Avenue North, as identified in the Downtown and Community Renewal CIPA By-law. The amount of the loan depends on the square foot area and term of the lease, or owner-occupied status of the office space, to a maximum of \$450 K per application. The maximum loan term is the term of the lease up to five years from the date of the final advance. There is only one significant amendment proposed to the terms and conditions of the program as follows:

- Offer a zero interest loan rather than a 1% below prime rate loan (*as an added incentive to encourage office use thus reducing the office vacancy rate*); and,
- Defining an educational establishment for the purposes of the program as “a publicly funded university or college for academic instruction and shall include a hospital or institution, including the associated offices of such uses” (*for clarity*).

Commercial Façade Property Improvement Grant Program

The program is offered to property owners and authorized tenants of commercial properties located within Community Downtowns, the Mount Hope / Airport Gateway and the commercial corridors along Barton Street and Kenilworth Avenue North as identified in the Downtown and Community Renewal Community Improvement Project Area By-law. The program offers matching grants for façade improvements. The

maximum grant is \$10 K or \$12,500 for corner properties. Primary amendments proposed to the terms and conditions of the program are as follows:

- Expand the program to all of the commercial corridors as identified in the Downtown and Community Renewal CIPA By-law (*presently, residential loans only are offered within some of the commercial corridors however in recognition that characteristically properties located within the commercial corridors are mixed-use with commercial at the ground level and residential above, the program will provide an incentive to undertake façade improvements*);
- Re-introduce the program to Downtown Hamilton (*in order to align with the program being offered within the Community Downtowns, and as an incentive for property owners within the Downtown to improve the façades of their property or undertake barrier-free and other limited interior improvements*);
- Introduce barrier-free improvements and other limited interior improvements as eligible item (*in recognition of the cost to meet provincial barrier free AODA requirements as well as some interior improvements as discussed during public engagement*);
- Restrict the maximum grant from one application per property per calendar year to owners/authorized tenants being able to apply for a maximum grant per property during a five year period with exceptions being made at the sole discretion of the General Manager of Planning and Economic Development if a new tenant/owner is occupying the property and applies for new signage only (*in an effort to sustain the program*); and,
- Introduce a 100% grant to a maximum of \$3 K per application towards professional fees and some City of Hamilton fees as part of the total grant awarded for completed construction funded under the program (*in recognition that these costs can be significant to an applicant therefore providing the applicant with the option to utilize a portion of the grant for those costs*).

Gore Building Improvement Grant Program

The Program supports the maintenance, attractiveness, functionality and viability of the historic building stock that fronts on King Street East between James Street and Catharine Street, known as the “Gore”. The Program provides a 50% grant to a maximum of \$50,000 per application towards bringing existing properties to present-day Property Standards and Sign By-law requirements and, to improve their accessibility.

There are no amendments proposed for the program. The program is no longer offered however, City Council at its meeting held December 9, 2015 approved grant commitments under the program for the owners of 18-28 King Street East conditional that the properties were designated under the Ontario Heritage Act and that complete applications be submitted by December 31, 2016.

Barton / Kenilworth Tax Increment Grant Program (New, three year pilot program)

The program will provide for a nine year grant based on the increase in the municipal portion of the realty taxes attributed to the redevelopment of residential or commercial lands and buildings located within the boundaries of the Barton Village BIA, the Barton Street East and Kenilworth Avenue North commercial corridors and the properties that front on Barton Street between James Street North and Victoria Avenue North as identified in the Downtown and Community Renewal CIPA By-law. The grant is at 100% of the municipal realty tax increase during the first five years, 80% in year 6, 60% in year 7, 40% in year 8 and 20% in year nine.

Barton / Kenilworth Commercial Corridor Building Improvement Grant Program (New, three year pilot program)

The program will provide a matching grant to a maximum of \$50 K per deeded property towards the redevelopment of the property, and the maintenance, functionality, viability, accessibility and aesthetics of existing building stock used for commercial, multi-residential and institutional uses within the boundaries of the Barton Village BIA, the Barton Street East and Kenilworth Avenue North commercial corridors, and properties that front on Barton Street between James Street North and Victoria Avenue North ,as identified in the Downtown and Community Renewal CIPA By-law.

The Barton/Kenilworth Commercial Corridors Study, received by City Council in September 2014, recommended a ten-year tax grant program and a Vacant Building Revitalization Grant Program. The two new programs will assist in reducing the cost of redevelopment along Barton and Kenilworth commercial corridors.