



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	July 4, 2016
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 44 - 52 James Street North (ERG15-04) (PED16143) (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:	

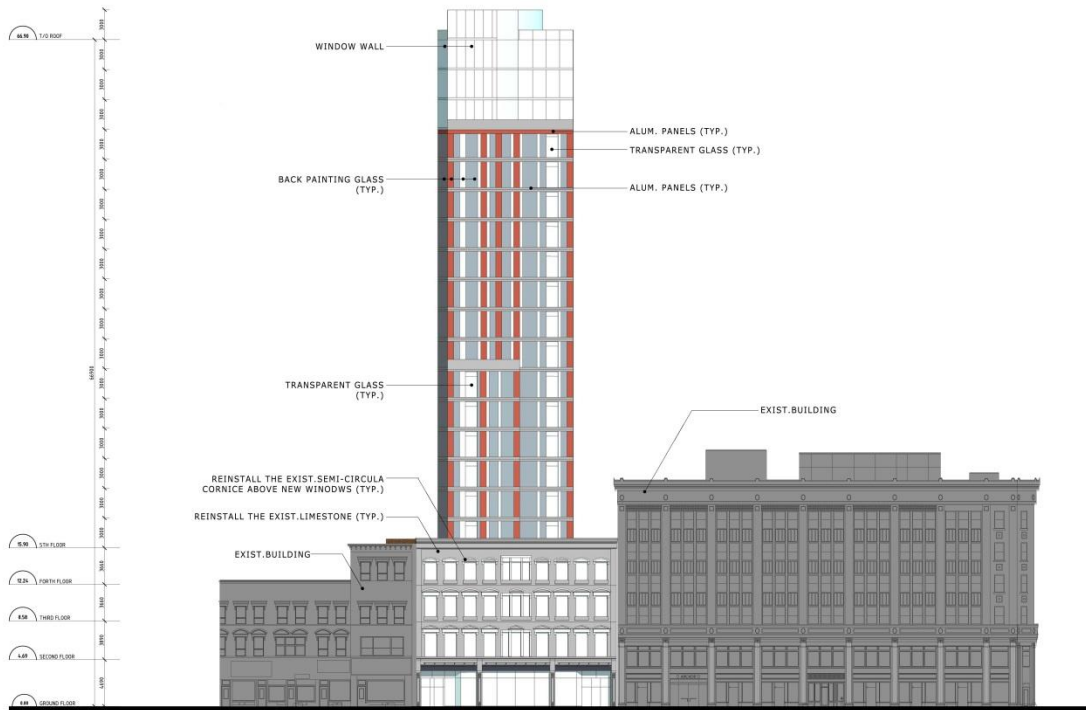
RECOMMENDATION

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-15-04, submitted by Stonehaven Specialty Contracting Corp (Tony De Pasquale) the Agent on behalf of LiUNA Local 837 Lister Property Corporation, the owner of the property at 44 - 52 James Street North, Hamilton, for an ERASE Redevelopment Grant not to exceed \$2,225,361, the actual cost of the remediation, payable to LiUNA Local 837 Lister Property Corporation (Riccardo Persi and Robert Toth), 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 PED16143, 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 Stonehaven Specialty Contracting Corp (Tony De Pasquale), agent on behalf of the owner, LiUNA Local 837 Lister Property Corporation (Riccardo Persi and Robert Toth), of the property at 44 - 52 James Street North. Conestoga–Rovers & Associates (CRA) was retained by the Hi-Rise Group Inc. to conduct a Phase One Environmental Site Assessment (ESA) on behalf of the owner, LiUNA Local 837 Lister Property Corporation on the vacant land, formerly occupied by the William Thomas building. A Phase Two Environmental Site Assessment (ESA) was also conducted and a Risk Assessment and a Remedial Action Plan (RAP) in support of the proposed development of a student residence at the Site. The Site was home to the former William Thomas building that was demolished and dismantled in 2010. During the demolition, the façade was preserved for inclusion into the Site redevelopment.

The grant application is for \$2,225,361 in eligible environmental site remediation. The proposed redevelopment of this site includes a 20-storey student residential building for a total of 162 dwelling units with 375 bedrooms including 344 m² of commercial space, and 33 parking spaces for vehicles and bicycle parking for 270 bicycles. Project construction costs are estimated at \$35,000,000. It is estimated that the proposed development will increase the Current Value Assessment (CVA) on the site from the pre-development value of \$427,000 (CX – Commercial, Vacant Land) to approximately \$31,153,000 (RT – Residential and XT – Commercial, New Construction). This will increase total annual property taxes generated by this property from \$15,256.49 to \$441,822.95, an increase of approximately \$426,566.46. The municipal portion of this increase is \$365,888.56 of which 80% or approximately \$292,710.85 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 \$2,225,361. The actual roll number(s), assessed value(s), tax classification(s) and value partitioning (where applicable) are to be determined by the Municipal Property Assessment Corporation (MPAC). The final grant amount will be determined based upon audit of remediation costs at the lesser of actual eligible costs or \$2,225,361.



Drawing - West Elevation

Alternatives for Consideration – See Page 8

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 \$2,225,361. During the seventh year, the total eligible grant (\$2,225,361) will have been advanced to the applicant based on an annual grant in the amount of \$292,710 and the City will start to reap the tax benefits of this application. The City will realize the full tax increase during year eight.

The City will retain 20% of the municipal tax increment, approximately \$73,177 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.

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 ERASE 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 Site is approximately 0.18 hectares (0.45 acres) in size consisting of a vacant gravel covered “L”-shaped lot in downtown Hamilton. It was formerly occupied by the historically designated William Thomas Building which fronted onto James Street North. The William Thomas Building was built in 1855 - 56 and was four-stories high with a full basement. Originally, there were two commercial buildings, one of which fronted onto James Street North and the other of which fronted onto Rebecca Street.

In 1923, the neighbouring Lister Building fire destroyed the rear portion of the William Thomas building. Several additions were added in the late 1940's to accommodate the demand for more commercial floors space and storage. The one and one-half addition had a loading dock accessed from Rebecca Street.

The majority of businesses that operated at the Site were typical commercial enterprises in nineteenth century city including hardware, tailors, clothiers, drycleaners, watchmakers, tobacconist, billiards, and furniture companies. With retail on the lower floors, the upper floors were generally occupied by service industries such bookkeepers, accountants, barristers and engineers, secretarial college and dance studio.

The William Thomas Building and the additions were vacated in the late 1980s and remained vacant until the demolition and dismantled in 2010. The façade of the William Thomas has been preserved and stored off-site for incorporation into Site redevelopment. The entire site is currently covered with compacted recycled asphalt product (RAP).

A Phase One Environmental Site Assessment (ESA) was conducted by Conestoga-Rovers & Associates (CRA) in 2013. Current and historical operations at the Site and on off-Site properties have potentially impacted the environmental quality of the Site.

The current and past uses of the Site are summarized in the Phase One ESA report. The Areas of Potential Environmental Concern (APECs) and contaminants of concern (COCs) were also summarized in the Phase One ESA report. As a result of the findings, a Phase Two ESA was recommended.

A Phase Two Environmental Site Assessment was conducted by Conestoga-Rovers & Associates in 2013 to document the presence or absence of contaminants in soil and groundwater on, in or under the Property from all identified APECs in accordance with the requirements of Ontario Regulation 153/04, as amended (O. Reg. 153/04).

The Phase Two ESA activities were completed and included a review of environmental Site sensitivity and the collection of soil and groundwater samples to assess Site conditions. The Phase Two ESA investigations included the following:

- Advancement of 15 boreholes (BHs) and monitoring wells (MW)
- Instrumentation of nine boreholes as groundwater monitoring wells
- Collection of soil and groundwater samples for laboratory analysis

Based on the Phase Two ESA completed at the Site, including all field and laboratory analytical data generated therefrom, the following conclusions have been developed regarding environmental Site conditions:

Geology

The stratigraphy encountered during the field activities consisted of the following:

- Fill – boulders, cobble, asphalt, wood, brick, sand and gravel, reworked earth, dry
- Sand – silty sand and poorly graded sand, fine to coarse grained, reddish brown, moist to wet
- Clay – clay, trace silt, trace gravel, hard, low plasticity, silt seams, grey, wet

Soil Quality

Soils across the Site were analyzed for metals, petroleum hydrocarbons, semi-volatile organic compounds, and volatile organic compounds. This included examination of soils at the areas of suspected potential environmental concern. Assessment of soil quality with respect Table 3 Standards identified COCs concern including metals, petroleum Hydrocarbon Fractions (PHCs), semi-volatile organic compounds and volatile organic compounds and inorganics.

Subsequent to the completion of the Phase Two ESA, CRA prepared the Risk Assessment for the Site and drafted the Certificate of Property Use (CPU) to address the Risk Management Measures contained in the Risk Assessment. Stonehaven Specialty Contracting Corp. has been retained by LiUNA Local 837 Lister Property Corporation to prepare and implement a Remediation Work Plan based upon the

SUBJECT: Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 44 - 52 James Street North (ERG15-04) (PED16143) (Ward 2) - Page 6 of 8

findings of the ESA, Risk Assessment and CPU. The implementation of the remediation plan shall be conducted in association with CRA and / or Landtek Limited as required.

The work plan will remove the impacted soil which shall require the excavation to remove the impacted soil which shall require the excavation of the entire site (zero setback from property line), to provide a “hard cap barrier” to prevent exposure to the COCs in the ground water and to implement all other terms of the CPU.

Work Plan Budget:

Description of Work	Environmental Cost
Consultant Fees – Environmental, Engineering and Legal/Administration dealing with environmental work	\$ 180,000
Earthworks – Site Remediation	\$1,660,361
Incremental Construction Costs for Hard Cap (environmental portion)	\$ 385,000
Total	\$2,225,361

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The UHOP designates the subject lands as “Downtown Urban Growth Centre” on Schedule “E” – Urban Structure, and is further designated as “Downtown Mixed Use Area” on Schedule “E-1” - Urban Land Use Designations. The “Downtown Urban Growth Centre” designation is the pre-eminent node, providing a range uses and housing types. The general policy goals of the “Downtown Urban Growth Centre” designation shall be the focus of density growth, accommodating 20% of the City total overall residential intensification target.

The “Downtown Mixed Use Area” designation permits a full range of retail, service commercial, institutional, cultural, entertainment, and office uses as well as a range of residential uses. The development, given its mix of uses, meets the intent of the designation.

Downtown Hamilton Secondary Plan

The Secondary Plan designates the subject lands as “Central Business District” and “Prime Retail Streets” in the Downtown Hamilton Secondary Plan Land Use Plan Map B.6.1-1.

Policy 6.1.8.3 provides policy for “Central Business District” designation which encourages mixed use buildings, comprising residential, office and commercial development in Downtown Hamilton. Policy 6.1.8.7 identifies that ground floors will

SUBJECT: Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 44 - 52 James Street North (ERG15-04) (PED16143) (Ward 2) - Page 7 of 8

predominantly be occupied by street oriented commercial uses with upper floors of buildings designated for mixed uses such as office commercial, residential and live / work arrangements.

Hamilton Zoning By-law No. 05-200

The proposed development is zoned Downtown Prime Retail Streets (D2, 473) Zone, Modified. The site-specific zone permits the development of the lands for ground floor commercial uses with residential units above, and a maximum height permission of 22 storeys, with a minimum requirement of 29 parking spaces and interior bicycle storage for 265 bicycles. Other design, setbacks, parking and built form provisions have been incorporated into the implementing regulations.

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 PED16143.

The 2016 assessed value of 44-52 James Street North is \$427,000 and the property is classed as Commercial, Vacant Land (CX).

The ERASE RGP will be calculated as follows:

Grant Level:		80%	
Total Eligible Costs (Maximum):	\$	2,225,361	
Pre-project CVA: (CX)	\$	427,000	Year: 2016
**Municipal Levy:	\$	9,966.43	
**Education Levy:	\$	<u>5,290.06</u>	
**Pre-project Property Taxes	\$	15,256.49	
*Estimated Post-project CVA: (RT)	\$	30,407,000	Year: TBD
*Estimated Post-project CVA: (XT)	\$	<u>746,000</u>	
*Total Estimated Post-project CVA:	\$	31,153,000	
**Estimated Municipal Levy:	\$	375,854.99	
**Estimated Education Levy:	\$	<u>65,967.96</u>	
**Estimated Post-project Property Taxes:	\$	441,822.95	

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

**2016 tax rates used for the calculation of estimated pre and post-development property taxes.

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.
- 1.3 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 & 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

Appendix "A" to Report PED16143 - Location Map

JL/dt