



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	October 19, 2016
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 11 Brock Street (ERG15-06) (PED16195) (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-15-06, submitted by 2190680 Ontario Limited (Bill Curran), owner of the property at 11 Brock Street, Hamilton, for an ERASE Redevelopment Grant not to exceed \$146,500, 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 PED16195, 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 2190680 Ontario Limited (Bill Curran), the owner of the property located at 11 Brock Street, Hamilton. A Phase 1 Environmental Site Assessment (ESA), undertaken in 2014, revealed historical on-site operations that are considered a potential contaminating activity that may have resulted in an area of potential environmental concern. The Site was historically occupied by a tool manufacturing company. At the time of the Phase 1 ESA, the site was vacant and all utility services disconnected. Subsequently, a Phase 2 Environmental Site Assessment was completed in 2014.

The grant application is for \$146,500 in eligible environmental site remediation. The proposed redevelopment of this site includes the construction of three ultra-modern townhouses using brick, custom steel, corrugated metal, glass and glass block. Project construction costs are estimated at \$1,200,000. It is estimated that the proposed development will increase the Current Value Assessment (CVA) on the site from the pre-development value of \$141,000 (CT - Commercial) to approximately \$2,500,000 (RT - Residential). This will increase total annual property taxes generated by this property from \$5,037.85 to \$34,170.43, an increase of approximately \$29,132.58. The municipal portion of this increase is \$26,179.41 of which 80% or approximately \$20,943.52 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 \$146,500.



Before



After (Artist Rendering)

Alternatives for Consideration – See Page 7

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 \$146,500. During the seventh year, the total eligible grant (\$146,500) will have been advanced to the applicant based on an annual grant in the amount of \$20,943.52 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 \$5,235.88 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.

**SUBJECT: Environmental Remediation and Site Enhancement (ERASE)
Redevelopment Grant Application – 11 Brock Street (ERG15-06)
(PED16195) (Ward 2) - Page 4 of 7**

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 Site is located on the north side of Brock Street, approximately 25 metres west of John Street North, situated in an area that consists of residential and commercial land. The building had many historical uses including tool manufacturing operation, machine shop and warehousing.

A Phase One Environmental Site Assessment (ESA) indicated potential subsurface impacts in connection with the Site. It was recommended that a Phase 2 ESA be conducted and a ground penetrating radar survey be conducted as part of this ESA in the vicinity of a pipe identified on the interior south wall of the basement of the Site Building which could not be identified.

The recommended Phase Two ESA was conducted in November 2014. In order to meet the applicable soil standards, it was recommended that the pre-existing metal impacted fill material on the northern portion of the Site be excavated and removed off-site for disposal at a Ministry of Environment (MOE) licensed waste receiver. In addition to the subject fill material with select metal exceedances, a petroleum hydrocarbon (PHC) impact in the native soil medium was encountered during the removal of the subject fill material. As such, the Remedial Action Plan (RAP) was revised to include a traditional 'dig and dump' soil remediation program for the PHC impacted soil. However, in order to accommodate the PHC impacted soil removal, a portion of the existing building was demolished to achieve soil remediation for an area of PHC that had migrated (or originated) from beneath the building foundations and concrete slab floor.

Given the above, the RAP includes the following activities:

1. Excavate the subject pre-existing fill material with select metal exceedances and transport the material off-site for disposal at a MOE licensed waste receiver.
2. Removal of the PHC impacted native soil off-site for disposal at a Ministry of the Environment licensed waste receiver.
3. Demolition of the east wall of the existing building to facilitate the PHC soil removal beneath the building;

**SUBJECT: Environmental Remediation and Site Enhancement (ERASE)
Redevelopment Grant Application – 11 Brock Street (ERG15-06)
(PED16195) (Ward 2) - Page 5 of 7**

4. Temporarily support the roof structure of the existing building during the soil removal program;
5. Placement and compaction of appropriate 'clean' fill material that is suitable for a proposed residential development both in terms of the environmental characteristics of the fill material and the suitability of the material as 'engineered' fill material;
6. Post remediation soil sampling in the Area of Potential Environmental Concern (APEC) and sampling of the imported fill material as per the Record of Site Condition (RSC) Regulation;
7. The ultimate filing of a RSC to support the proposed residential development.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Provincial Policy Statement

The application has been reviewed with respect to the Provincial Policy Statement (PPS).

Policy 1.1.1(c) outlines that healthy, liveable and safe communities are sustained by avoiding development and land use patterns which may cause environmental or public health and safety concerns. Further, Policy 3.2.2 states that contaminated sites shall be remediated as necessary prior to any activity of the site associated with the proposed use such that there will be no adverse effects. Staff note that the subject proposal entails a change in land use from **Industrial** to **Residential** and this change in land use triggers the requirement for a mandatory filing of a Record of Site Condition (RSC) under Ontario Regulation 153/04.

Urban Hamilton Official Plan

The subject property is designated "Neighbourhoods" in the Urban Hamilton Official Plan. The proposed redevelopment would meet the intent of this designation.

West Harbour Secondary Plan

The subject lands are designated "Low Density Residential" in the Setting Sail Secondary Plan which permits single, semi and street townhouses at a density range of 25-60 units per hectare. The proposed adaptive reuse of the existing one-storey storage warehouse into three street townhouses meets the intent of the Secondary Plan.

**SUBJECT: Environmental Remediation and Site Enhancement (ERASE)
Redevelopment Grant Application – 11 Brock Street (ERG15-06)
(PED16195) (Ward 2) - Page 6 of 7**

City of Hamilton Zoning By-law 6593

The subject property is zoned “D” (Urban Protected Residential 1 & 2 Family Dwellings) District in the City of Hamilton zoning By-law. The proposed three unit town home is not a permitted use. However, where a legal non-conforming use exists, Section 45(2) of the *Planning Act* allows for the change in said use to one that is more compatible with the by-law provided that the existing use is in fact legal non-conforming.

A successful minor variance application under Section 45(2) of the Act was approved to allow the proposed street townhouses. As a condition of that application (HM/A-14:304), the owner / applicant must submit a signed Record of Site Condition to the City, including a notice of acknowledgement of the RSC by the MOE, and submission of the City of Hamilton’s current RSC administration fee.

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 PED16195.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

The 2016 assessed value is \$141,000 and the property is classed as Commercial (CT).

The ERASE RGP will be calculated as follows:

Grant Level:	80%	
Total Eligible Costs (Maximum):	\$ 146,500	
Pre-project CVA: (CT)	\$ 141,000	Year: 2016
Municipal Levy:	\$ 3,291.02	
Education Levy:	\$ 1,746.83	
Pre-project Property Taxes	\$ 5,037.85	
*Estimated Post-project CVA: (RT)	\$ 2,500,000	Year: TBD
**Estimated Municipal Levy:	\$ 29,470.43	
**Estimated Education Levy:	\$ 4,700.00	
**Estimated Post-project Property Taxes:	\$ 34,170.43	

* The estimated assessed value is the sum of the projected sale prices for the three residential townhomes. Each townhome is expected to have an individual roll number

**SUBJECT: Environmental Remediation and Site Enhancement (ERASE)
Redevelopment Grant Application – 11 Brock Street (ERG15-06)
(PED16195) (Ward 2) - Page 7 of 7**

and assessment. 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 have been used for estimation purposes.

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 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED16195 - Location Map

JL/dt