



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	August 14, 2017
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 1165-1167 Cannon Street East, Hamilton - ERG17-01 (PED17139) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	Meredith Plant (905) 546-2424 Ext. 1219
SUBMITTED BY:	Glen Norton Director, Economic Development Division Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application - ERG-17-01, submitted by Paul Elia, owner of the property at 1165-1167 Cannon Street East, Hamilton, for an ERASE Redevelopment Grant not to exceed \$189,060, 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 Environmental Remediation and Site Enhancement (ERASE) Redevelopment Agreement together with any ancillary documentation required, to effect (Recommendation (a)) of Report PED17139, 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 Paul Elia, the owner of the property located at 1165 – 1167 Cannon Street East, Hamilton. A Phase One Environmental Site Assessment (ESA), undertaken in 2016 to determine if there were Potentially Contaminating Activities (PCAs) on the Site or in the Study Area that could result in an Area of Potential Environmental Concern (APEC). The Study Area was defined as including properties located within 250 m of Site boundary. The Phase One ESA 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 bakery, motor vehicle sales and repair company, a sign retailer, an equipment repair company, a plumbing, heating and air conditioning products distribution company, an automobile and truck rental company and an automobile sales company. Subsequently, a Phase 2 Environmental Site Assessment was completed in 2016. Supplemental Phase 2 Environmental Site Assessment work was completed in 2017 in order to achieve lateral and vertical delineation of the COCs in soil on the site in accordance with O. Reg. 153/04, as well as to verify the presence/absence of dissolved phase groundwater contamination.

The grant application is for \$189,060 in eligible environmental site remediation. The proposed redevelopment of this site will include commercial use (art studio / gallery) on the ground level of the building and residential use on the second floor including a 475 square foot third-storey addition. Project construction costs are estimated at \$275,000. It is estimated that the proposed development will increase the Current Value Assessment (CVA) on the site from the pre-development value of \$352,000 (CT - Commercial) to approximately \$600,000 (CT – Commercial and RT - Residential). This will increase total annual property taxes generated by this property from \$12,029 to \$15,241, an increase of approximately \$3,212. The municipal portion of this increase is \$2,788 of which 80% or approximately \$2,230 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 \$189,060.

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1165-1167 Existing Conditions

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 \$189,060. Based on an annual grant in the amount of \$2,230, the ten year grant will be \$22,304 far below the maximum eligible grant of \$189,060. The City will realize the full tax increase after year ten.

The City will retain 20% of the municipal tax increment estimated at \$557 a year for ten years. These monies will be deposited into the Brownfield Pilot Project Account – Project No. 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 Site is located at the north-west corner of Cannon Street East and Grosvenor Avenue in a residential / commercial area of Hamilton. The Site is approximately 0.11 hectares (0.27 acres) and includes a two-storey building surrounded by gravel and grass surfaced exterior areas. The Site was historically occupied by a bakery, motor vehicle sales and repair company, a sign retailer, an equipment repair company, a plumbing, heating and air conditioning products distribution company, an automobile and truck rental company and an automobile sales company.

A Phase One ESA indicated two PCAs on the Phase One Property. The Phase One ESA also identified three potential environmental concerns on the Phase One Property that were not PCAs listed in Table 2 of Schedule D but were considered to result in an APEC.

The Phase One ESA identified seven PCAs in the Phase One Study Area (250 m of the Site boundary) that were interpreted to result in APECs on the Phase One Property. It was recommended that a Phase Two ESA was required before a Record of Site Condition (RSC) could be filed.

The recommended Phase Two ESA was conducted in 2016, with supplemental Phase Two ESA activities undertaken in 2017. The results of the Phase Two ESA and Supplemental Phase Two ESA activities identified Contaminants of Concern (COC) in soil on the Site. The results of the sampling and analysis identified one metal (lead) and polycyclic aromatic hydrocarbons (PAHs) at concentrations above the applicable Ontario Ministry of the Environment (MOE) Table 7 Site Condition Standards (SCSs) in shallow soil fill on the southern portion of the Site 4. The COCs in soil were interpreted to have resulted from the historical placement of poor quality fill materials on the Site. In soil must be reduced to below the Table 7 SCSs. This will be accomplished through soil removal (excavation and off-site disposal). As such, the Remedial Action Plan (RAP) was developed based on the results of the Phase Two ESA soil sampling. The management approach for contaminated soils on the Site will include excavation and off-site disposal. Contaminated soil fill will be excavated laterally to the south, west and east property boundaries and north onto the Site, and vertically to the “clean” native shaley till unit.

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The contaminated soil to be removed covers an area of approximately 400 m². The average depth of clean-up is 1.5 m bgs resulting in an estimated contaminated soil excavation volume of 600 m³.

The results of the soil remediation activities will be observed and documented in stand-alone Soil Remediation report.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The subject lands are municipally known as 1165 – 1167 Cannon Street East, Hamilton and are designated as “Secondary Corridor” in Schedule “E” – Urban Structure and as “Mixed-Use Medium Density” on Schedule “E-1” – Urban Land Use Designation. This designation permits a full range of retail, service commercial, entertainment, and residential accommodation at a moderate scale, to which the proposed use complies.

Hamilton Zoning By-law No. 6593

The subject property is zoned “H” Community Shopping and Commercial District. The use of the property for the purposes of a studio with living accommodation above is permitted.

Site Plan Control Application

The subject lands are subject to Site Plan Control.

RELEVANT CONSULTATION

Staff from the Taxation Division, Corporate Services Department, Legal Services Division and City Manager’s Office was consulted and the advice received is incorporated into Report PED17139.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The 2017 assessed value is \$352,000 and the property is classed as Commercial (CT).

The ERASE RGP will be calculated as follows:

Grant Level:		80%
Total Eligible Costs (Maximum):		189,060
Pre-project CVA: (CT - Commercial)	\$	352,000 Year: 2017

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Municipal Levy:	\$	7,897.73
Education Levy:	\$	4,131.73
Pre-project Property Taxes	\$	12,029.46
*Estimated Post-project CVA: (CT – Commercial, RT - Residential)	\$	600,000 Year: TBD
**Estimated Municipal Levy:	\$	10,685.77
**Estimated Education Levy:	\$	4,555.75
**Estimated Post-project Property Taxes:	\$	15,241.52

*The actual roll number(s), assessed values, tax classification(s) and value partitioning (where applicable) to be determined by the Municipal Property Assessment Corporation
**2017 tax rates used for calculation of estimated post-development 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 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.

Our People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Location Map