



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	December 6, 2017
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 118 Hatt Street, Dundas-ERG-16-01 (PED17197) (Ward 13)
WARD(S) AFFECTED:	Ward 13
PREPARED BY:	Karol Murillo (905) 546-2424 Ext. 7859
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application - ERG-16-01, submitted by Dalia Eino, owner of the property at 118 Hatt Street, Dundas, for an ERASE Redevelopment Grant not to exceed \$297,353, 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 PED17197, 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 Dalia Eino, the owner of the property located at 118 Hatt Street, Dundas. A Phase One Environmental Site Assessment (ESA), was undertaken in 2015 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 metres of the 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 foundry, former railway freight depot, and a car wash operated at the site. Subsequently, a Phase 2 Environmental Site Assessment was completed in 2016. Supplemental Phase 2 Environmental Site Assessment work was completed in 2016 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 \$297,353 in eligible environmental site remediation. The proposed redevelopment of this site will include the renovation of the existing building. A proposed addition (1,960 square foot) to the north of the existing building will allow for three new commercial units on the ground level with new landscaped areas.

Project construction costs are estimated at \$1,047,300. It is estimated that the proposed development will increase the property assessment from the pre-development value of \$591,000 (CT - Commercial) to approximately \$900,000 (XT – Commercial, New Construction). This will increase total annual property taxes generated by this property from \$19,211.96 to \$28,952.71, an increase of approximately \$9,740.75. The municipal portion of this increase is \$6,417.83 of which 80% or approximately \$5,134.26 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 \$297,353.

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118 Hatt Street, Dundas - 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 \$297,353. Based on an annual grant in the amount of \$5,134.26 the ten year grant will be \$51,342.60 far below the maximum eligible grant of \$297,353. The City will realize the full tax increase after year ten.

The City will retain 20% of the municipal tax increment estimated at \$1,283.57 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.

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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 located in Dundas in a residential / commercial area of Hamilton. The site is approximately 0.239 hectares (0.59 acres) and is bounded by Hatt Street and McMurray Street to the north and east, respectively. The site is occupied by a vacant building that fronts Hatt Street with an asphalt paved parking lot occupying two thirds of the site. The site was historically occupied by a foundry, former railway freight depot, and a car wash that operated until 2010. Surrounding uses have included a furniture manufacturing plant, ceramics manufacturer, textile mill, printing plant, auto service garages, gasoline service stations and dry cleaner establishments.

A Phase One ESA indicated three 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 1 (Phase Two ESA) but were considered to result in an APEC.

The Phase One ESA identified seven PCAs in the Phase One Study Area (250 metres 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 and supplemental Phase Two ESA activities was conducted in 2016. The results of the Phase Two ESA and Supplemental Phase Two ESA activities identified Contaminants of Concern (COC) in the soil on the Site. The results of the sampling and analysis identified contamination at concentrations above the applicable Ontario Ministry of the Environment (MOE) Table 7 Generic Site Condition Standards (SCSs) in shallow soil fill in Areas 1, 2, and 3. Deleterious substances, lead, and petroleum hydrocarbons (PHCs) were identified. To accomplish the removal of the three areas of soil contamination, a Remedial Action Plan (RAP) was developed based on the results of the Phase Two ESA soil sampling. The preferred remedial action plan will involve remedial excavations to remove the contaminated soil to be conveyed offsite to licensed facilities for disposal and treatment. Excavations will

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be backfilled and compacted with imported fill, verified by testing and applicable soil standards.

The contaminated soil to be removed covers a total maximum area of 500 m² with a total estimated soil excavation volume of 1180 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 118 Hatt Street, Dundas are designated as “Community” 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. 3581-86

The subject property is zoned “IG-FP”. The IG zoning permits a variety of industrial uses related to the food, plastics, textiles, wood product, agricultural, vehicle and pharmaceutical manufacturing industries. It also permits the operation of waste transfer and waste processing facilities, vehicle servicing and repair facilities, and numerous industrial uses related to the construction, transportation and storage, wholesale trade, communication, retail trade, and health and social services industries.

The FP designation indicates that the site is susceptible to flooding and / or erosion and that consultation with the Hamilton Region Conservation Authority is required before the site is developed or redeveloped.

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 PED17197.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The 2017 assessed value is \$591,000 and the property is classed as Commercial (CT).

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The ERASE RGP will be calculated as follows:

Grant Level:		80%
Total Eligible Costs (Maximum):	\$	297,353
Pre-project CVA: (CT - Commercial)	\$	591,000 Year: 2017
Municipal Levy:	\$	12,274.88
Education Levy:	\$	<u>6,937.08</u>
Pre-project Property Taxes	\$	19,211.96
*Estimated Post-project CVA: (XT – Commercial, New Construction) Total Estimated Ten-Year Grant (Maximum):	\$	900,000
**Estimated Municipal Levy:	\$	18,692.71
**Estimated Education Levy:	\$	<u>10,260.00</u>
**Estimated Post-project Property Taxes:	\$	28,952.71

*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.

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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.

APPENDICIES AND SCHEDULES ATTACHED

Appendix “A” to Report PED17197 – Location Map

KM:dt