



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 21, 2018
SUBJECT/REPORT NO:	Amendments to the Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP) (PED18030) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Edward John (905) 546-2424 Ext. 2359
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That Report PED18030 respecting the proposed amendments to the Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP) be received;
- (b) That staff be directed to bring forward to Planning Committee for a statutory public meeting in accordance with Section 17 (15) (d) of the *Planning Act*, the following recommended revisions to the Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP);
 - (i) That the Environmental Remediation and Site Enhancement (ERASE) Community Improvement Project Area as set out in Report PED18030, and that the By-law attached to Report PED18030 to amend the Environmental Remediation and Site Enhancement (ERASE) Community Improvement Project Area as Appendix "A" be enacted;
 - (ii) That the City's maximum contribution as part of the Environmental Remediation and Site Enhancement (ERASE) Study Grant Program be increased from \$25K to \$35K for two studies per property / project be approved;

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- (iii) That the Environmental Remediation and Site Enhancement (ERASE) Study Grant Program date for maximum of two studies per property be reset to July 1, 2011;
- (iv) That additional administrative requirements regarding submission and enactment of Environmental Remediation and Site Enhancement (ERASE) Study Grant applications be approved;
- (v) That additional eligible costs be added to the Environmental Remediation and Site Enhancement (ERASE) Study Grant and Redevelopment Grant Program to cover Designated Substances and Hazardous Material Survey and Industrial / Office Reuse Feasibility Study and their removal and abatement in the Older Industrial Area be approved;
- (vi) That additional eligible costs be added to the Environmental Remediation and Site Enhancement (ERASE) Study Grant and Redevelopment Grant Program to cover Designated Substances and Hazardous Material Survey and their removal and abatement applicable to current / closed Institutional uses as an eligible cost across the Community Improvement Project Area (CIPA) be approved;
- (vii) That additional eligible costs be added to the Environmental Remediation and Site Enhancement (ERASE) Study Grant and Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Program to cover Designated Substances and Hazardous Material Survey and their removal and abatement applicable to designated Heritage Buildings as an eligible cost across the Community Improvement Project Area (CIPA) be approved;
- (viii) That staff be authorized to implement and administer the Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Program including the additional eligible costs once the amendment has come into force and effect;
- (ix) That the Environmental Remediation and Site Enhancement (ERASE) Tax Assistance Program includes Environmental Insurance Premiums as an eligible cost be approved;
- (x) That the interest rate for the Downtown Hamilton / West Harbourfront Remediation Loan Program (RLP) be decreased from prime minus 1% to 0% and the loan repayment period be reduced from ten years to five years be approved;

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- (xi) That the Community Improvement Plan (CIP) titled Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (October 2017) as amended and attached as Appendix “B” to Report PED18030 be approved;
- (xii) That any changes to the program description and terms be by way of Council resolution.

EXECUTIVE SUMMARY

Every successful economic development program / process must be dynamic in nature and possess the ability to change in order to accommodate revisions to policy; trends in the market; and to satisfy the needs of the end user of the program; while simultaneously delivering on the expectations of Council. The purpose of this Report is to present the proposed amendments to the Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP) intended to ensure its on-going relevance and responsiveness. These amendments include, but are not limited to the following:

- Increasing the City’s maximum contribution as part of the ERASE Study Grant (ESG) Program for two studies from \$25K to \$35K;
- Inclusion of additional eligible costs to the ESG and ERASE Redevelopment Grant (ERG) Program to include the study, removal and abatement of Designated Substances and Hazardous Material (DSHM) from the older industrial area, institutional buildings and designated heritage buildings;
- Enhance requirements for applicants to demonstrate intention to redevelop a brownfield site (letter of intent and preliminary development plan);
- Enhance marketing of ESG and ERG Program to Older Industrial Area;
- Increase Development Charge demolition credit for Older Industrial Area sites with approved ERG applications from five to ten years;
- Commence using current ability to conduct spot and random audits of eligible expenses on ERG projects;
- Clarify that the cost of environmental remediation also includes cost of clean fill, grading and compaction to replace contaminated soils, and cost of filing a Record of Site Condition (RSC) and a Certificate of Property Use (CPU); and,
- Downtown Hamilton / West Harbourfront Remediation Loan Pilot Program (RLP) interest rate be decreased from prime minus 1% to 0% and the loan repayment period be reduced from ten years to five years and add environmental insurance premiums as an eligible cost.

A more detailed discussion of the specific amendments is provided in the Analysis / Rationale for Recommendations Section of this Report.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Currently, there are funds available in Brownfields ERASE Environmental Study Capital Project ID 3621708002 to fund the increase in the City's maximum contribution to the ERASE Study Grant Program. There will be no upfront or capital budget impacts by adding in further eligible costs to the ERASE Redevelopment Grant Program.

Staffing: Administration of the amendments proposed to the ERASE CIP can be accommodated by staff in the Economic Development and Real Estate Division.

Legal: Subsection 28 (7) of *The Planning Act* permits municipality in accordance with a Community Improvement Plan, to make loans and grants which would otherwise be prohibited under Sub-section 106(2) of *The Municipal Act*, to the registered owners, assessed owners, tenants, or their respective assignees, of lands and buildings within the designated Community Improvement Project Areas.

HISTORICAL BACKGROUND

The formal approval of the ERASE Community Improvement Plan in April of 2001 represented an important step in the delivery of a program promoting environmental remediation, community rehabilitation and redevelopment. The expansion of the ERASE Community Improvement Project Area to the full limits of the urban area within the City and the enhancements of the programs contained within in April 2005 also represented an equally important step forward in delivering financial incentive programs directed at brownfield redevelopment across the urban area of the City. Both of these milestones have contributed to Hamilton's reputation as being a municipal leader in terms of brownfield redevelopment in Canada.

The Planning and Economic Development Committee in March 2, 2010 further sought to expand the Hamilton LEEDing the Way Community Improvement Project Area to the full limits of the urban area as well as include mixed-use and multi-unit residential developments and redevelopments as additional eligible projects under the LEED Grant Program.

In 2014 a further update was approved providing administrative amendments to the programmable components of the RGP, Downtown Hamilton / West Harbourfront Remediation Loan Program and TAP programs.

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This Report seeks to build on the continuous improvement of the ERASE CIP Program in order to ensure the program remains responsive and relevant with regard to the re-development of brownfields within Hamilton. The Report represents one of the most comprehensive reviews completed to date regarding the effectiveness and applicability of the program.

Since the ERASE CIP was approved, approximately 145 property owners and potential property owners (121 sites) have been approved for Environmental Study Grants. A number of these studies have led to brownfield sites being redeveloped. A total of 47 projects have been approved by City Council for ERASE Redevelopment Grants. As noted within the RCI Consulting Report (2017), while greater uptake in the ERG process is desirable, it still represents excellent value for the ESG program in terms of the cost per acre of land studied and the cost per application. It has been identified that more restrictive environmental study and remediation standards are likely to explain such differences between the two processes, and that in general, subject to administrative changes recommended within this Report studies conducted under the ESG program have been effective in leading to ERG applications and brownfield redevelopment projects. These projects once complete will result in:

- Over 380 Acres of land studied;
- Total assessment increase due to ERG in excess of \$129,029,379;
- Every \$1 contributed by the City has generated \$11.10 in private sector construction; and,
- Remediation and redevelopment approved of approximately 210 acres of brownfield land with 123 acres (59% of approved land area) remediated to date.

In its 16 years, the ERASE CIP has proven to be very successful in providing the financial tools needed to promote the remediation and redevelopment of brownfield sites. There is consistent support for the expansion of programming and updating of policy in order to meet the significant challenges associated with brownfield redevelopment.

In order to achieve this, the City of Hamilton retained Dillon Consulting and RCI Consulting to prepare the Bayfront Industrial Area Renewal Strategy. Part of the study was to review the City's ERASE Programs, including recommendations for program updates.

As part of the review, RCI Consulting assessed historical program uptake; City Wide economic impacts; administrative and program issues; and, best practices in several other municipalities. The subsequent Report (See Appendix "B") provides the basis and rationale for the proposed amendments and updates to the existing program. These are reviewed in detail within this Report.

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POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Provincial Policy Statement (2014)

The Provincial Policy Statement (PPS) is issued under Section 3 of the *Planning Act* and is intended to guide municipalities as they make planning decisions. The *Planning Act* requires that municipal decisions with respect to the exercise of any authority that affects a planning matter “shall be consistent with” the PPS.

The PPS supports the remediation and redevelopment of brownfield sites. For example, Section 1.7.1 e) of the PPS states that “long-term economic prosperity should be supported by promoting the redevelopment of brownfield sites”. Brownfields are defined in the PPS as “undeveloped or previously developed properties that may be contaminated. They are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict or vacant”.

The PPS also supports Smart Growth through urban growth management. For example, Section 1.1.3.3 of the PPS states “planning authorities shall identify and promote opportunities for intensification and redevelopment where this can be accommodated taking into account existing building stock or areas, including brownfield sites, and the availability of suitable existing or planned infrastructure and public service facilities required to accommodate projected needs”. Therefore, the PPS supports brownfield redevelopment as a way to achieve the goal of promoting intensification and redevelopment. Other policies in the PPS (Sections 1.1.1 a), 1.1.1 h) and 1.6.3) support the management of growth to achieve efficient development and land use patterns which sustain the financial well-being of the Province and municipalities over the long term. The redevelopment of brownfields has a role to play in this regard.

Growth Plan of the Greater Golden Horseshoe (GGH), 2017

The Growth Plan envisages increasing intensification of the existing built-up area, with a focus on urban growth centres, intensification corridors, major transit station areas, brownfield sites and greyfields. The ERASE Community Improvement Plan would contribute to the increased intensification in the built-up area.

The vision for the GGH is grounded in the following principles that provide the basis for guiding decisions on how land is developed; resources are managed and public dollars invested:

- Achieve complete communities that are designed to support healthy and active living;
- Prioritize intensification and higher densities to make efficient use of land and infrastructure and support transit viability;

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- Provide flexibility to capitalize on new economic and employment opportunities as they emerge, while providing certainty for traditional industries, including resource-based sectors;
- Provide for different approaches to manage growth that recognize the diversity of communities in the GGH;
- Protect and enhance natural heritage, hydrologic, and landform systems, features, and functions;
- Conserve and promote cultural heritage resources to support the social, economic, and cultural well-being of all communities, including First Nations and Métis communities; and,
- Integrate climate change considerations into planning and managing growth such as planning for more resilient communities and infrastructure – that are adaptive to the impacts of a changing climate – and moving towards low-carbon communities, with the long-term goal of net-zero communities, by incorporating approaches to reduce greenhouse gas emissions.

Further, providing opportunities for businesses and residences to locate in the Greater Golden Horseshoe is fundamental to using land wisely and ensuring a prosperous economic future.

Urban Hamilton Official Plan

The City of Hamilton Urban Official Plan has numerous policies directed towards achieving an efficient, well planned and supportive approach to land use planning with particular regard to the development and redevelopment of brownfield sites. The following policies, amongst others, are applicable:

“Policy 3.1.5

There are many complex and interconnected reasons for promoting and implementing brownfield *redevelopment*. There are significant and immediate economic, environmental and social benefits from regenerating these "legacy" properties. The City, in addition to other economic development objectives, shall pursue the *redevelopment* of brownfield sites and promote opportunities for employment and *residential intensification* by:

- a) continuing to liaise with other levels of government, agencies, and the private sector to endorse and amend existing legislation, regulations and standards, including the addressing of liability issues for land owners;
- b) undertaking studies to identify priority brownfield sites for *redevelopment*;

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- c) providing the necessary financial assistance to developers and landowners to make the *redevelopment* of brownfield sites a viable option; and,
- d) ensure a wide variety of investment opportunities are available throughout the City and provide potential employment users with a range of alternative sites of various size in a variety of locations throughout the City.”

The continuous review and improvement of the ERASE CIP will secure this policy intent, providing financial support in order to facilitate efficient development.

Economic Development Strategy 2010-2015

The Economic Development Strategy 2010-2015 identified the importance of the ERASE CIP and complimentary brownfield redevelopment initiatives. The Strategy determined that the ERASE CIP provided an economic tool that would help the City to accomplish its economic, environmental and social goals, across the entire urban area.

In particular, providing land to meet demand for employment and residential uses; increasing tax assessment and revenues in the long-run for the municipality and the Province; creating employment opportunities; utilizing existing infrastructure, resulting in a reduction of urban sprawl and its related costs; contributing toward the revitalization of particular areas and neighbourhoods; and, restoring the environment in these neighbourhoods, which will in turn, remove threats to the health of workers and residents.

With the various brownfield initiatives, brownfield redevelopment is a potentially powerful external driver that the City can and should use to help accomplish its economic and planning goals including reducing urban sprawl, urban intensification and infilling and reuse of existing infrastructure among many others.

Economic Development Action Plan 2016-2020

The updated Economic Development Action Plan 2016-2020 reaffirms the importance in removing barriers to development. In particular:

- Grow non-residential tax assessment and increase the number of living-wage jobs;
- Be the most diversified economy in Canada;
- Have the best workforce in Ontario;
- Support strategic investment in infrastructure;
- Have a thriving entrepreneurship and innovation; and,

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- Have vibrant commercial and cultural districts and places.

It is considered that the ERASE CIP provides assistance both directly and indirectly in securing the goals of the Economic Development Action Plan.

RELEVANT CONSULTATION

The following Divisions within the Corporation were consulted on the amendments to the ERASE CIP: Strategic Services and Special Projects – Planning and Economic Development Department; Legal Services – Corporate Services Department; Urban Renewal – Planning and Economic Development Department and, Finance (Taxation) – Corporate Services Department.

Public Open Houses outlining the proposed amendments to the ERASE CIP were held on May 29, 2017 at the David Braley Centre and on August 28, 2017 at 294 James Street North.

Also, a presentation was given to the Development Industry Liaison Group (DILG) on September 18, 2017. The comments received also contributed to the proposed amendments.

A summary of the responses from the public meetings are detailed below:

- Development charge reduction is a pivotal consideration in the pro-forma of any brownfield development;
- Although there remains greater confidence in brownfield redevelopment within financial institutions, financing brownfield redevelopment remains precarious;
- ERASE programs to date provide meaningful incentives to encourage brownfield remediation;
- Expansion of eligibility for studies to include DSHMS and allow grants to cover their removal / treatment. This is important particularly in older buildings – heritage and institutional; and,
- Flexibility in timing and application process would assist in the financing of larger projects.

Staff in the Business Development Section of the Economic Development Division were also consulted. The Business Development Section was a participant in the Public Open Houses described above as part of the ongoing monitoring and feedback on the Hamilton LEEDing the Way Community Improvement Plan (CIP) and LEED Grant Program (LGP). There are no proposed changes to LEED related eligible cost items in the ERASE Redevelopment Grant Program at this time.

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ANALYSIS AND RATIONALE FOR RECOMMENDATION

The amendments made to the ERASE CIP (March 2010) were aimed at further enhancing the financial incentives offered across the City and in specific areas. The Community Improvement plan currently contains the following major programs:

1. ERASE Study Grant Program (ESG);
2. ERASE Redevelopment Grant program (ERG);
3. ERASE Tax assistance Program (TAP);
4. ERASE Downtown Hamilton / West Harbourfront Remediation Loan Program (RLP);
5. ERASE Municipal Acquisition and Partnership Program (MAPP); and,
6. ERASE Marketing and Opportunities Program (MOP).

Programs 1 to 4 are directed at the private sector and are designed to encourage private sector investment and reinvestment, redevelopment, and construction activity in the Project Area. Program 5 is a municipal program of brownfield property acquisition, improvement and municipal participation in public-private partnerships to remediate and redevelop brownfield properties. Program 6 is a comprehensive program designed to:

- a) market the ERASE incentive programs to brownfield market makers such as developers, property owners, and real estate, environmental, planning and other support industries; and,
- b) market redevelopment opportunities to these key stakeholders.

Figure 1.1 summarises the current programs contained in this Community Improvement Plan, including a brief description of each program.

Figure 1.1

PROGRAM / PROGRAM DESCRIPTION / DURATION

ERASE Study Grant Program (ESG)

Grants for 50% of cost of Phase II environmental site assessments (ESAs), risk assessments and remedial work plans, up to \$20K per study and \$25K total per property / project. Five years from introduction.

ERASE Redevelopment Grant Program (ERG)

Grants to property owners who undertake redevelopment “pay-as-you-go” grants equal to 80% of increase in municipal portion of property taxes for up to ten years or until approved remediation costs are met. Ten years from introduction. Grants paid out for up to ten years.

ERASE Tax Assistance Program (TAP)

Tax assistance to a property in the form of a freeze or cancellation of part or all of the educational tax portion during the rehabilitation and development period. Ten years from introduction. Freeze or cancellation of part of the educational tax portion for up to three years.

Downtown Hamilton / West Harbourfront Remediation Loan Pilot Program

Loan to property owners who undertake remediation to facilitate residential and commercial redevelopment in the Downtown Hamilton and West Harbourfront areas. One year from introduction.

ERASE Municipal Acquisition and Partnership Program (MAPP)

Acquisition and redevelopment of key strategic properties by City. Partnership in public / private sector remediation and redevelopment initiatives. Concurrent with the RGP (8.2).

ERASE Marketing and Opportunities Program (MOP)

Marketing program to market the ERASE incentive programs and key redevelopment opportunities to the development and real estate industry.

One other program which does not actually form part of this Plan is the Development Charges Reduction (DCR) Program, which provides a reduction of development charges payable on contaminated sites that are remediated and redeveloped.

As any changes to the Development Charges By-law is outside the scope of the *Planning Act*, the DCR Program has only been referenced, and not included in this Plan.

Successes to Date

As detailed within this Report, the current review represents one of the most comprehensive reviews of the CIP since inception in 2001. As detailed in Appendix “A” of the Consultant’s Report, significant successes have been realised and quantitatively demonstrated as a result of the current CIP between 2001 and 2016.

These are as follows:

- ERASE study grant has resulted in 382.0 acres being environmentally studied with a cost to the City of Hamilton per acre being \$3,677.39 which represents excellent value;
- ERASE redevelopment grant resulted in 213 acres to be remediated and redeveloped (123 acres remediated to date);
- Every \$1 the City has contributed toward completed ERG projects has generated approximately \$11.10 in private sector construction; and,

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- \$3.13M increase in property tax directly attributed to remediation and redevelopment works undertaken with the support of the ERG program.

Opportunities for Improvement

Following in depth review of the program since the 2010 updates, a number of issues and potential opportunities were identified:

- ESG applications lagging in the system - approx. \$500K (30 applications) approved from 2001 to 2014 have yet to complete and submit study – over 25% of applications;
- Insufficient ESG applications proceeding to ERG - ESG applications outnumber ERG applications 2.5 to 1;
- Interest in ESG applications in Older Industrial Area has declined - only 10% of ESG applications in last three years located in Older Industrial Area .vs. 29% from 2001 to 2013;
- Opportunity to expand eligible study types (DSHMS and feasibility studies) in Older Industrial Area and DSHMS for former Institutional uses and Heritage Buildings; and,
- Ability to increase program awareness.

In order to address these, RCI Consulting has identified a number of proposed amendments and updates to the existing program. These are discussed as follows:

ESG Program

The City of Hamilton is one of only a few municipalities that have increased its maximum environmental study grant amount, from \$10K in 2001, to \$15K in 2005, to the current \$20K in 2010. While Hamilton's maximum single grant amount is higher than most other municipalities, Hamilton's maximum grant amount for two studies (\$25K) is similar to most of the other municipalities in Ontario, and actually less than Guelph and Waterloo. This could prove limiting where an applicant wishes to conduct multiple environmental studies on a site, e.g., Phase II ESA and a Risk Assessment (RA), and this is quite often the case. On this basis, it was considered appropriate to increase maximum grant for two studies from \$25K to \$35K.

As raised within the stakeholder and public meetings, the ability to increase the eligibility of the ESG to cover DSHMS would provide a meaningful response to many issues arising out of adaptively re-using older buildings particularly Heritage properties, whereby demolition options are limited or constrained and redevelopment costs are significantly increased. In reviewing this, staff concurred and also identified the opportunity to include former institutional buildings, given the rising number of former schools and similar buildings being considered for redevelopment.

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In order to ensure the grant is responsive to legislative changes that were introduced in July 2011, (which included additional improvements to the standards and other policy clarifications) the maximum of two studies per site will be based on studies conducted after July 1, 2011, as such, studies completed prior to 2011 will no longer be used to tally the two study maximum per project / property.

A number of marketing and administrative changes are also recommended to ensure awareness of the incentives are increased, that there is a legitimate intent to develop the property, and to encourage development to proceed from the date of study in a timely fashion.

ESG Program Recommendations

1. Increase max. grant for two studies from \$25K to \$35K;
2. Reset date for maximum of two studies per project to July 1, 2011 (date new ESA requirements came into effect);
3. Add cost of "DSHMS and Industrial / Office Reuse Feasibility Study" as an eligible cost in the Older Industrial Area only;
4. Add cost of "DSHMS for current / closed Institutional uses" and "Heritage Buildings" as an eligible cost across the CIPA;
5. Enhance requirement for applicants to demonstrate legitimate intention to redevelop a brownfield site (letter of intent and preliminary development plan);
6. If approved ESG application outstanding more than two years, the study (except RA) must be submitted within six months;
7. If approved ESG application outstanding less than two years, the study (except ESA) must be submitted within two years of ESG approval;
8. For new ESG applications, all studies except RA must be submitted within two years of approval; and,
9. Enhance marketing of ESG Program to Older Industrial Area.

ERG Program

While the ERG Program has produced brownfield redevelopment activity on most (24 of 38) approved application sites, there are concerns with the progress on a number of the 13 ERG applications that have been approved but have not yet been remediated, especially since these 13 applications represent approximately 87 acres or 41% of the ERG approved land area.

In reviewing this matter it would appear that a number of these 13 sites have not yet been able to achieve remediation and a Ministry of the Environment (MOE) acknowledged RSC. A few of these 13 sites have experienced lengthy delays in obtaining an RSC acknowledgement from the MOE, but are now close to obtaining an acknowledged RSC, and it is expected that once these applicants have an MOE acknowledged RSC in hand, redevelopment of these sites will take place quickly.

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On this basis it is recommended that a number of enhancements to the existing program be recommended. In particular, as previously mentioned, the introduction of DSHM as an eligible cost is considered to provide a meaningful and important incentive, particularly in the redevelopment of former institutional and the rehabilitation and restoration of existing Heritage buildings.

With regard to encouraging greater uptake in ERG's within the older industrial area, it is proposed that these sites would become more attractive by sheltering the older industrial area from the reductions to the Tax Increment Grant (TIG) and costs eligible for Development Charges reduction that are being proposed for the Rest of the Urban Area.

ERG Program Recommendations

1. Enhancements to ERG Program in Older Industrial Area include:
 - a. Add "removal / abatement of DSHM" as a stand-alone eligible cost (for the TIG only);
 - b. Increase the demolition charge demolition credit for brownfield sites with approved ERG applications from five to ten years; and,
 - c. Enhance marketing of ERG Program to existing and potential businesses.
2. Add "removal / abatement of DSHM" as a stand-alone eligible cost (for the TIG only) for current / closed institutional uses and the rehabilitation and restoration of Heritage properties across the CIPA.
3. Follow up on 13 approved ERG applications where remediation / RSC is not completed and close applications where redevelopment plans have been abandoned and / or current owner is no longer interested.
4. Commence using current ability to conduct spot and random audits of eligible expenses on ERG projects.
5. Follow up on future ERG approved projects to track project starts.

TAP Program

As in most other Ontario municipalities that offer a tax assistance program that includes the Province's education component of property taxes on brownfield sites, the City of Hamilton's TAP has not received much interest since it was introduced in 2005. This finding is considered to be directly related to the complicated and time consuming process that the Province of Ontario has put in place for municipalities and applicants seeking to access the Province's education property tax assistance for brownfield redevelopment projects. Notwithstanding that this difficulty is likely to remain in place, a number of minor enhancements to the City's ERASE TAP are recommended.

TAP Program Recommendations

1. Clarify that the cost of environmental remediation also includes “cost of clean fill, grading and compaction to replace contaminated soils, and cost of filing an RSC and CPU”, and,
2. Add “environmental insurance premiums” as an eligible cost.

Loan Program

While the RLP Program has also only seen modest up-take to date in the seven years that it has been in place, it remains an innovative program that provides the approved applicant with the option to repay the loan using the assignment of grant payments under the ERG Program. This allows the RLP to act as bridge financing until the annual ERG payments can be used to start repaying the RLP. In the event that the full ten-year grant amount is not sufficient to repay the loan in its entirety, supplemental payments from the applicant are required. The annual interest rate on the loan is 1% below the prime rate as established by the Royal Bank of Canada. This rate is established at the time the first instalment of the loan is advanced by the City and reset annually on the anniversary date of the first advance.

Based on the \$400K program cap on the loan amount, the greatest benefit of the program is likely in promoting smaller brownfield redevelopment projects in the Downtown Hamilton and the West Harbourfront Area. As such, the Report compiled by RCI recommends the City retain this program in the short to medium term. It is not clear that this program will prove necessary in the long-term based on the large scale of development (including brownfield redevelopment) being witnessed and planned for in Downtown Hamilton, and especially in the West Harbourfront Area.

Increases in demand and market value in Downtown Hamilton, and eventually in the West Harbourfront Area, combined with the other ERASE Incentive Programs and the Downtown Incentive Programs available from the City of Hamilton, may be sufficient to spur most brownfield redevelopment projects in both Downtown Hamilton and the West Harbourfront Area. It is considered that the \$400K cap on the program essentially restricted the program only to the smaller brownfield redevelopment projects in the Downtown and the West Harbour Area.

Finally, it was identified that the ERASE RLP Program has an interest rate of 1% below prime and an amortization period of ten years, while the Downtown RLP Program has a 0% interest rate and an amortization period of five years. Staff considers that ten years is a long time for the City to have a RLP outstanding and that the amortization period of the ERASE RLP Program should be reduced. Therefore, in order to bring the two programs into line, it was determined that the ERASE Loan Program should adopt the Downtown RLP Program structure, i.e., 0% interest rate and a five-year amortization

period. This will also make the administration of both programs more consistent and easier.

Loan Program Recommendations

1. Decrease interest rate from (prime minus 1%) to 0%; and,
2. Reduce loan repayment period using TIG from ten years to five years.

Monitoring

A number of general administrative items will enter into general program overview to ensure the success of each individual program as well as to ensure maximum benefit and success can be achieved with the resources allocated.

Monitoring Recommendations

1. Check completeness of applications ensuring all requested data, and monitoring variable estimates are provided; and,
2. Conduct follow-up tracking on completed ERG applications to record actual monitoring variable values (grant amount, residential units constructed, industrial / commercial space constructed, jobs, construction value, assessment value, property taxes, etc).

Conclusion

It is considered that based on the in-depth review conducted by RCI Consulting, attached as Appendix “B” to Report PED18030, and from the information and comments received from the Industry and Environmental stakeholders, the proposed changes to the existing ERASE CIP (2010) are appropriate and continue to ensure the City of Hamilton is a leader in the pursuit of brownfield remediation.

ALTERNATIVES FOR CONSIDERATION

Not Applicable

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

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

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Culture and Diversity

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED18030 - Policy Amendment By-law

Appendix “B” to Report PED18030 - Consultants Report

EJ:dt