

CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	July 9, 2018
SUBJECT/REPORT NO:	Further Funding of Hamilton Heritage Property Grant Program and Extension of Certain Other Financial Incentive Programs (PED18162) (City Wide)
WARD(S) AFFECTED:	(City Wide)
PREPARED BY:	Carlo Gorni (905) 546-2424 Ext. 2755 Lisa Browett (905) 546-2424 Ext. 7519
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the amended Barton-Kenilworth Commercial Corridor Building Improvement Grant Program (BKCCBIGP) as set out as Appendix "A" in Report PED18162 be enacted;
- (b) That the amended Barton-Kenilworth Tax Increment Grant Program (BKTIGP), as set out in Appendix "B" to Report PED18162 be enacted;
- (c) That the Hamilton Heritage Conservation Grant Program (HHCGP) as set out in Appendix "C" to Report PED18162 be deemed to have been extended from April 9, 2017 and that all applications approved by staff subsequent to April 9, 2017 be retroactively approved;
- (d) That funding for the Barton-Kenilworth Commercial Corridor Building Improvement Grant Program (BKCCIGP) and the Hamilton Heritage Conservation Grant Program (HHCGP) be considered as part of the 2019 Capital Budget process;
- (e) That funds be transferred as required to the Hamilton Heritage Property Grant Capital Project Account No. 8201641800 to process and fund applications received to-date as well as additional applications anticipated in 2018.

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EXECUTIVE SUMMARY

The Barton-Kenilworth Commercial Corridor Building Improvement Grant Program (BKCCBIGP) provides a matching grant to a maximum of \$50 K per deeded property towards the redevelopment of the property as well as the maintenance, functionality, viability, accessibility and aesthetics of the existing building stock used for commercial, multi-residential and institutional uses. This Program is currently scheduled to expire on December 31, 2018. A continuation of this Program will assist in the continuing improvements to buildings within the eligible areas. Such improvements will result in updated space for both commercial and residential purposes while also providing an increase in Municipal tax revenue to the City of Hamilton.

The Barton Kenilworth Tax Increment Grant Program (BKTIGP) provides a nine-year grant in an amount not exceeding the increase in the Municipal portion of the realty taxes attributable to the redevelopment of residential or commercial land and buildings. This Program is currently scheduled to expire on December 31, 2018. A continuation of this Program will assist in the continuing improvements to buildings within the eligible areas. Such improvements will result in updated space for both commercial and residential purposes while also providing an increase in Municipal tax revenue to the City of Hamilton.

The Hamilton Heritage Property Grant Program (HHPGP) offers grants towards structural/stability work as well as work required to preserve heritage features on designated properties.

As a result of an increasing appreciation of heritage properties and greater awareness of the Program, the number of applications, as well as the dollar value of the grant requests has increased. At December 31, 2017 the remaining uncommitted balance in the Hamilton Heritage Property Grant Project Account No. 8201641800 was \$32,349.52.

Transfer of funding from several Reserves and Capital Projects to the HHPGP is necessary to continue to process applications received to date as well as additional applications anticipated in 2018.

The Hamilton Heritage Conservation Grant Program (HHCGP) is intended to provide financial assistance in the form of matching grants for the conservation and restoration of cultural heritage resources. The objective of the HHCGP is to assist in the ongoing conservation of heritage properties designated under the *Ontario Heritage Act* that are not eligible for funding from the HHPGP. The HHCGP was approved and implemented on April 9, 2014, Report PED14055, on a three-year trial basis with funding in the amount of \$250,138.90. Staff was to provide an update on the Program and report back to Council for further direction in 2017. Staff has provided updates on the Program

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in the 2015 and 2016 Annual Reports and most recently in the 2017 Annual Report. Available funding in the amount of \$80,373.90 remains. Due to a misunderstanding/oversight staff continued to process applications beyond April 9, 2017.

Since April 9, 2017, ten applications have been received and three of them have been paid out. The total value of these approved paid out applications is \$9,427.59. Of the remaining seven applications, two are currently undergoing due diligence and five have been approved but not yet paid out. The grant commitment for these seven applications is \$21,214.75.

Staff is recommending that the applications they approved be also approved retroactively by Council and that the Program become permanent.

Alternatives for Consideration – See Page 11

FINANCIAL - STAFFING - LEGAL IMPLICATIONS

Financial: There will be no levy increase required in 2018 for the purposes of administering the financial incentives detailed in Report PED18162.

Funding for the HHCGP is contained in the Community Heritage Reserve Account No. 102047. The available balance within the reserve is \$80,373.90. Sufficient monies are contained in the reserve to fund the Program in 2018. A request for additional funding will be made during the 2019 Capital Budget process.

Grants approved under the HHPGP are funded from the Main Street Reserve Account No. 102048 and the Hamilton Heritage Property Grant Program Project Account No. 8201641800. The uncommitted balance remaining in the Capital and Reserve funds totals \$32,349.42.

Funds to be transferred as required from the Economic Development Investment Fund Reserve Account No. 112221 in an amount not to exceed \$200 K; the Economic Development Initiatives Capital Project Account No. 3621708900 in an amount not to exceed \$100 K; the Downtown Hamilton Residential Loan Program Reserve Account No. 108036 in an amount not to exceed \$250 K; the Community Heritage Fund Loan Reserve Account No. 102049 in an amount not to exceed \$50 K; the Barton Kenilworth Rebate Project Account No. 8201703701 in an amount not to exceed \$100 K; the King Street West Business Improvement Area (BIA) Gateway Project Account No. 8201703707 in an amount not to exceed \$137,549.59; the 2016 Commercial Property Improvement Grant (CPIG) Project Account No.

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8201603510 in an amount not to exceed \$46,410; and, the Hamilton Technology Centre Capital Project Account No. 8121741301 in an amount not to exceed \$16,040.41. Approval of the recommendation would not impact the levy.

Staffing:

There are no staffing implications. Grants will continue to be administered by staff within the Urban Renewal and Development Planning, Heritage and Design Sections of the Planning and Economic Development Department, as well as within the Finance and Administration Section of the Corporate Services Department.

Legal:

The *Planning Act* (Section 28) allows Municipalities that have provisions in their Official Plan relating to community improvement, such as the City of Hamilton, to designate by by-law a community improvement project area, and then to prepare a Community Improvement Plan (CIP) for the project area. A Municipality may then make grants and loans, in conformity with the approved CIP, that would otherwise be prohibited under the *Municipal Act* (Section 106(1)), to the registered/assessed owners or tenants of land and buildings, or their respective assignees, within the designated project area.

By-law No. 07-346, attached as Appendix "D" to Report PED18162 approved by Council at its meeting held on December 12, 2007, authorizes the Municipality to offer loans and grants to owners of a property designated under the *Ontario Heritage Act*.

HISTORICAL BACKGROUND

The BKCCBIGP and the BKTIGP were approved by Council on May 11, 2016 as part of the revisions which were made to the Downtown and Community Renewal Community Improvement Plan.

The HHPGP was approved by Council at its meeting held August 8, 2007, Report PED07123(b)/FCS07068. It focused on heritage designated industrial, commercial, institutional and multi-residential heritage properties located within the lower City between Highway 403 and the Red Hill Valley Parkway or properties located within the Hamilton Downtown Community Improvement Project Area (CIPA), Community Downtowns or an active Business Improvement Area (BIA). It was expanded in 2016 to include the Commercial Corridors as identified in the Downtown and Community Renewal CIPA By-law in recognition of the expense of specialized trades and stability work required when preserving heritage properties and to provide an added incentive to preserve privately-owned heritage properties within the Commercial Corridors.

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The HHCGP was approved by Council on April 9, 2014, Report PED14055, on a three-year trial basis.

The objective of the HHCGP is to assist in the on-going conservation of designated heritage properties that are not eligible for the HHPGP and to ensure that the integrity of the City's cultural heritage resources is maintained. In other words, many of the heritage properties are situated outside of the boundaries that are used for the HHPGP and many are residential (single detached, row houses etc.).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Planning Act

The *Planning Act* (Section 28) allows Municipalities that have provisions in their Official Plan relating to community improvement, such as the City of Hamilton, to designate by by-law a community improvement project area, and then to prepare a Community Improvement Plan (CIP) for the project area. A Municipality may then make grants and loans, in conformity with the approved CIP, that would otherwise be prohibited under the *Municipal Act* (Section 106(1)), to the registered/assessed owners or tenants of land and buildings, or their respective assignees, within the designated project area.

Urban Hamilton Official Plan

- F.1.15.1 Community Improvement shall be carried out through the designation, by Council, of CIPAs and through the preparation and implementation of Community Improvement Plans (CIP) pursuant to the *Planning Act*. It is the intent of Council that the entire urban area or any part of the urban area as defined in this Plan, and as subsequently amended, may by bylaw be designated as a CIPA.
- F.1.15.3 CIPs shall provide direction regarding the application of one or more of the following:
 - allocation of public funds such as grants, loans or other financial instruments for the physical rehabilitation, redevelopment or improvement of land and/buildings;
 - b) municipal acquisition of land or buildings and subsequent land clearance, rehabilitation, redevelopment or resale of these properties or other preparation of land or buildings for community improvement;
 - c) encouragement of infill and rehabilitation where feasible;

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- d) promotion of historic preservation through the appropriate local, provincial and federal legislation;
- e) promotion of the viability of Commercial areas through the establishment and support of BIAs;
- f) other Municipal actions, programs or investments for the purpose of strengthening and enhancing neighbourhood stability, stimulating production of a variety of housing types, facilitating local economic growth, improving social or environmental conditions, or promoting cultural development; and,
- g) identification of cultural heritage resources which shall be, wherever possible, conserved through appropriate adaptive reuse and alterations. Demolition of heritage structures shall be discouraged.
- F.1.15.7 Council shall be satisfied that community improvements are within the financial capability of the City.

The Downtown and Community Renewal Community Improvement Plan provides the framework for City programs and initiatives in a manner that meets the legislative requirements of the *Planning Act* intended to stimulate private sector investment and redevelopment and, to focus Municipal action and investment that promotes and enhances Hamilton's various downtowns, commercial districts, mixed use corridors and neighbourhoods targeted for community development.

The Plan provides the legal framework for the financial incentives administered by the Urban Renewal Section. Downtown Hamilton, the Community Downtowns of Ancaster, Binbrook, Dundas, Stoney Creek and Waterdown, the Mount Hope/Airport Gateway, the Business Improvement Areas and other Commercial Corridors within the City, as well as certain heritage-designated properties, are collectively designated in the Downtown and Community Renewal CIPA By-law.

Applications processed under the financial incentives authorized under the Downtown and Community Renewal Community Improvement Plan must be in compliance with the Official Plan, all applicable City by-laws, zoning regulations, design guidelines and site plan approvals.

RELEVANT CONSULTATION

Staff from the Corporate Services Department and the Planning and Economic Development Department were consulted and concur with the recommendations in this

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Report. Legal Services was consulted in respect of those sections of the Report which address the Hamilton Heritage Conservation Grant Program.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Barton/Kenilworth Commercial Corridor Building Improvement Grant Program

The creation of the BKCCBIGP was approved by Council in May 11, 2016. The Program supports the development of property and the maintenance, functionality, viability, accessibility and aesthetics of existing building stock used for commercial, multi-residential or institutional uses within the boundaries of the Barton Village BIA, the Barton and Kenilworth Commercial Corridors and the properties that front on Barton Street between James Street North and Victoria Avenue North as identified in the Downtown and Community Renewal Community Improvement Project Area By-law. Successful applicants are awarded grants on a matching basis to a maximum of \$50 K per deeded property.

Barton/Kenilworth Commercial Corridor Building Improvement Grant Program June 2016–May 31, 2018		
Number of Grant Commitments	11	
Total Grant Commitments	\$414,963	
Grants Advanced	\$242,064	
Grants Approved to be Advanced	\$172,899	
Conservation Value of Projects	\$1,597,839	
Grants as a Percentage of Construction	26%	

Although the Program has only been in existence for two years, it is expected to leverage approximately \$1.6 M of construction value from the \$414,963 that has been approved in grant funding from the City.

In order to maintain the positive interest and continuing investment in the Barton-Kenilworth area, staff is of the opinion that more time is needed for greater awareness and uptake of this Program to occur. As more properties in the area are improved, assessments will increase and the City will realize increases in Municipal taxes. Improvements to the existing housing stock and commercial properties should entice more residents and businesses to locate in the area.

Barton-Kenilworth Tax Increment Grant Program

The creation of the BKTIGP was approved by Council in May 2016. The Program provides for a nine-year grant based on the increase in the Municipal portion of the realty taxes attributed to the redevelopment of residential or commercial lands and buildings located within the boundaries of the Barton Village BIA, the Barton Street East

and Kenilworth Avenue North Commercial Corridors and the properties that front on Barton Street between James Street North and Victoria Avenue North as identified in the Downtown and Community Renewal CIPA By-law. The grant is at 100% of the Municipal realty tax increase during the first five years, 80% in year six, 60% in year seven, 40% in year eight and 20% in year nine.

Barton/Kenilworth Tax Increment Grant Program Inception (2016 to May 31, 2018)	
Number of Grants Approved	4
Estimated Total Grants	\$2,482,154
Construction Value	\$16,825,000
Ratio of Total Grants to Construction Value	1:7

The Program is expected to leverage approximately \$16.8 M of construction value from the \$2.5 M that has been approved in grant funding by the City.

As with the BKCCBIGP listed above, staff is of the opinion that greater uptake of the Program will occur if it is extended and greater awareness of it continues to takes place. There continues to be positive interest in the potential of the area.

At the same time, staff also believes that a development proponent's ability to realize the allowable tax grants provides a further and needed incentive to pursue improvements to properties in the area while allowing the City of Hamilton to begin receiving an increase in Municipal taxes resulting from any improvements in year ten following reassessment.

Hamilton Heritage Property Grant Program

The majority of heritage resources are owned by the private sector. The HHPGP was created to assist private property owners with the greater financial burden of restoring and re-using heritage properties. The HHPGP provides financial assistance for structural/stability work required to conserve and restore heritage features and for heritage reports/assessments/studies for designated heritage properties.

Eligible properties must be located within Downtown Hamilton, a Community Downtown, an active Business Improvement Area, the Mount Hope/Airport Gateway, a commercial corridor as identified in the Downtown and Community Renewal Community Improvement Project Area By-law or be a designated heritage property used or to be used for commercial, institutional, industrial or multi-residential purposes and situated within the older, lower City between the Niagara Escarpment and Lake Ontario, between Highway 403 and the Red Hill Valley Parkway.

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The Program offers a grant of up to \$150 K per Municipal address for structural/stability work required to conserve and restore heritage features of properties designated under Parts IV or V of the *Ontario Heritage Act*. For projects valued at \$40 K or less, the grant is based upon 50% of the total project cost to a maximum grant of \$20 K for eligible work under the Program. For projects valued over \$40 K, the grant includes \$20 K plus an additional grant based on 25% of the total project cost over \$40 K, to a maximum additional grant of \$130 K. The Program also offers an additional \$20 K grant for heritage-related reports/assessments/studies.

Since its inception in 2008, grant commitments in the amount of \$1,839,406 have been approved. City Council has also approved conditional grants in the amount of \$850 K for 18-28 King Street East.

As of May 31, 2018 a total of \$1,345,327 has been advanced in grants and \$494,079 will be advanced upon the Applicant meeting the terms and conditions of the Program, not including the \$850 K for 18-28 King Street East.

The grant funds are not advanced until the work has been completed, the invoices paid in full by the Applicant and staff has completed due diligence checks to ensure that there are no property standards, building code or fire code violations on the property and taxes are up-to-date.

As the grant only covers a portion of the total cost, the Applicants' financial contribution to the project demonstrates their commitment to the preservation of the heritage features of the property.

Over the past few years there has been an increase in interest in the Program. The increase in the number of applications and the dollar value of the individual requests was however, greater than anticipated. As a result the amount of available funding for this Program has been depleted. At June 4, 2018, the remaining uncommitted balance in the Hamilton Heritage Property Grant Project Account No. 8201641800 was \$32,349.52.

Hamilton Heritage Property Grant Program		
Since Inception 2008–May 31, 2018		
Number of Grant Commitments	38	
Total Grant Commitments	\$1,839,406	
Total Conditional Grant Commitments (for 18-28 King Street East)	\$850,000	
Grants Advanced	\$1,345,327	
Grants Approved to be Advanced (not including 18-28 King Street East)	\$494,079	
Conservation Value of Projects (not including 18-28 King Street East)	\$10,355,281	
Grants as a Percentage of Construction (not including 18-28 King Street East)	13%	

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The estimated grant request on applications received in 2018 totals \$370 K. Based on inquiries received by Heritage Planning and Urban Renewal staff, a further \$510 K in grant requests is anticipated in 2018. This amount is based on three properties seeking a maximum grant from this Program in the amount of \$150 K and three requests for grant of \$20 K for heritage related reports/assessments or studies.

Transfer of funding to the HHPGP is necessary such that these important cultural heritage resources can be preserved and restored for future generations. The funds will be used to process applications received to date as well as the additional applications anticipated in 2018.

Funding for the Program in 2019 will be requested from Council through the 2019 Capital Budget Process.

Hamilton Heritage Conservation Grant Program

Well-maintained heritage properties attract businesses and residents. They are valued by communities. Staff recognize that, over time, the need for rehabilitation or a desire to restore identified heritage attributes may require significant investment.

The HHCGP was created to assist in the on-going conservation of heritage properties designated under the *Ontario Heritage Act* that are not eligible for the HHPGP.

The HHCGP provides financial assistance in the form of matching grants between \$1 K to \$5 K for the conservation and restoration of cultural heritage resources. The grant funds are not advanced until the work has been completed and the invoices paid in full by the Applicant. Requiring the property owner to match the grant amount demonstrates a financial commitment on behalf of the owner.

The HHCGP was approved by Council on April 9, 2014, Report PED14055, on a three-year trial basis with funding in the amount of \$250,138.90. Staff was to provide an update on the Program and report back to Council for further direction. Staff has provided updates on the Program in the 2015 and 2016 Annual Reports and most recently in the 2017 Annual Report. Available funding in the amount of \$80,373.90 remains. Due to a misunderstanding/oversight staff continued to process applications beyond April 9, 2017. Since April 9, 2017, ten applications have been received and three of them have been paid out. The total value of these paid out applications approved is \$9,427.59. The construction value of these paid out applications is \$18,855.19. Of the remaining seven applications, two are currently undergoing due diligence and five have been approved but not yet paid out. The grant commitment for these seven applications is \$21,214.75. The construction value of these applications is \$112,063.50.

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Staff is recommending that the applications they approved be also approved retroactively by Council.

As shown in the table below, the Program is expected to leverage approximately \$635 K of conservation related construction value from approximately \$170 K that has been approved in grant funding by the City.

Staff concludes that this Program is having a positive effect on the continuing efforts to conserve heritage resources.

Staff recommends that the HHCGP becomes a permanent Program providing property owners with the financial assistance necessary for the continued conservation or restoration of identified heritage features, to ensure that the integrity of the City's cultural heritage resources is maintained.

Hamilton Heritage Conservation Grant Program Since Inception (2014–May 31, 2018)		
Number of Grant Commitments	40	
Total Grant Commitments	\$169,765	
Grants Advanced	\$138,550	
Conservation Value of Projects	\$635,246	
Grants as a Percentage of Construction	27%	

ALTERNATIVES FOR CONSIDERATION

Council could decide to not extend the availability of the BKCCBIGP and the BKTIGP. This is not recommended as these programs can continue to play a role in encouraging improvements to the building stock in these areas.

Council could decide to not allow the transfer of funding for the HHPGP for 2018. This is not recommended since the funding is necessary to safeguard the heritage properties such that their cultural value is retained for future generations.

Council could decide to not make the HHCGP a permanent Program. This is not recommended since this Program plays an important role in assisting owners to restore and conserve the heritage features on their properties for the benefit of the community for now and into the future.

Regarding this same Program, Council could decide to not retroactively approve applications that were approved by staff since April 9, 2017. Staff does not recommend this alternative as some monies have been paid out and other funds have been committed. The expectation of those who have submitted applications is that the

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funding would be available to assist them to conserve/restore the heritage attributes on their properties.

It should be noted that all of the Programs above could to varying degrees lead to an increase in the assessed value of the subject properties thereby resulting in increasing levels of tax revenue for the City.

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.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

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"-Program Description-The Barton/Kenilworth Commercial Corridor Building Improvement Grant Program.

Appendix "B"-Program Description-Barton/Kenilworth Tax Increment Grant Program.

Appendix "C"-Program Description-Hamilton Heritage Conservation Grant Program.

Appendix "D"-By-law No. 07-346- Being a By-law to Authorize the Making of Loans and Grants to the Owners of Properties Designated Under the *Ontario Heritage Act*.

CG:dt