



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	May 1, 2019
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 212 King William Street, ERG-17-04 (PED19094) (Ward 2)
WARD(S) AFFECTED:	Ward 2
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-17-04, submitted by Rose Hamilton Home Inc., owner of the property at 212 King William Street, Hamilton, for an ERASE Redevelopment Grant not to exceed \$4,803,684, 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 PED19094, 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

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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 Rose Hamilton Homes Inc., the owner of the property located at 212 King William Street, Hamilton. A Phase One Environmental Site Assessment (ESA), was undertaken in 2017 to determine if there were Potentially Contaminating Activities (PCAs) on the site that could result in an Area of Potential Environmental Concern (APEC).

The site was defined as approximately 0.28 ha (0.70 ac) and is located on the south side of King William Street between Ferguson Avenue North and Jarvis Street. The Phase One ESA revealed that the historical on-site operations were considered a potential contaminating activity that may have resulted in an area of potential environmental concern. The site was historically occupied by an automotive repair shop, gasoline service station, auto parts store, commercial trucking company and a manufacturing facility.

Subsequently, a Phase Two ESA was completed in 2017. The Phase Two ESA included the collection of groundwater samples from new and existing monitoring wells. The result was evidence establishing the lateral and vertical limits of the contaminants of concerns (COCs) in both the soil and groundwater on the site in accordance with O. Reg. 153/04.

The grant application is for \$4,803,684 in eligible environmental site remediation. The proposed redevelopment of this site will include a new 14-storey mixed-use commercial and residential building consisting of 493 sq m of commercial space with 266 residential units and 135 parking spaces.

Project construction costs are estimated at \$30,652,000. It is estimated that the proposed development will increase the property assessment from the pre-development value of \$1,068,957 (CT - Commercial) to approximately \$97 M (RT – Residential, XT – Commercial, New Construction). This will increase total annual property taxes generated by this property from \$34,839.13 to \$1,263,903.42 an increase of approximately \$1,229,064.29. The municipal portion of this increase is \$1,057,491.71 of which 80% or approximately \$845,993.37 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 \$4,803,684.



Existing Conditions - 212 King William Street, Hamilton (March 2019)

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 \$4,803,684. Based on an annual grant amount of \$845,993.37 the ten-year grant will be reached by year six when it reaches the maximum grant amount of \$4,803,684. The City will realize the full tax increase after year six.

The City will retain 20% of the municipal tax increment estimated at \$211,498.34 a year for six 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.

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, 2010 and 2018 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 Downtown Hamilton in a residential/commercial area. The site is approximately 0.28 ha (0.7 ac) and is bounded by King William Street to the north, Jarvis Street to the east, a commercial building and parking lot to the south and Ferguson Avenue to the west. The site is currently occupied by a vacant single-storey brick building, located on the western portion of the site and a small wooden parking hut in the north-central portion of the site. The remainder of the site is comprised of an asphalt commercial surface parking area.

The site was historically occupied by warehousing, manufacturing, commercial trucking, and various commercial sale businesses and suppliers. In addition, a vehicle repair garage and gasoline service station with an underground fuel storage tank (UST) was located on the eastern portion of the site.

A Phase One ESA indicated six PCAs on the Phase One Property. The Phase One ESA also identified other potential environmental concerns on the Phase One Property that were not PCAs listed in Table 2 of Schedule D of O.Reg. 153/04 but were interpreted to result in an APEC. Each of the PCAs and the other potential environmental concerns identified on the Phase One Property were considered to result in an APEC. It was recommended that a Phase Two ESA was required to assess APECs on the site and before a Record of Site Condition (RSC) could be filed.

The recommended Phase Two ESA were completed in 2017. The results of the Phase Two ESA identified COCs in the soil and groundwater on the Site. The results of the sampling and analysis identified contamination at concentrations above the applicable

Ontario Ministry of the Environment (MOE) Table 3 Site Condition Standards (SCSs) for residential land use and coarse textured soil. The COCs identified in soil on the site included metals, arsenic, mercury, multiple polycyclic aromatic hydrocarbons, electrical conductivity, sodium adsorption ration and tetrachloroethylene (PCE). The COCs in groundwater included PCE, trichloroethylene and cis-1, and 2-DCE.

To accomplish the removal of the groundwater and soil contamination, a Remedial Action Plan (RAP) was developed based on the results of the Phase Two ESA of the site. The preferred remedial action plan will involve modified generic risk assessment (MGRA) approach which will include risk management measures, well decommissioning, remedial excavations to remove the contaminated soil to be conveyed offsite to licensed facilities for disposal and treatment. The contaminated soil is estimated at 14,000 m³ or 28,000 t. The results of the soil remediation activities will be observed and documented in an excess soil management plan.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The subject lands are municipally known as 212 King William Street, Hamilton are designated as “Mid-rise” on Schedule E – Urban Structure Land Use Designation. This designation permits a full range of retail, service commercial, entertainment, accommodation and residential accommodation at a moderate scale, to which the proposed use complies. The site and designation are within an area currently under appeal to the Local Planning Appeal Tribunal (LPAT).

Hamilton Zoning By-law No. 05-200

The subject property is zoned “D3”. The D3 – Downtown Mixed Use - zoning permits a variety of permitted uses such as dwelling units, commercial entertainment, conference or convention centre, educational establishments, medical clinics, office, studio, places of worship, and retail. It also permits a variety of personal services, catering services and a wide range of commercial uses (parking facility, recreation, school and garden).

Site Plan Control Application

The subject lands were granted Conditional Site Plan Control (SPA-18-136) on September 18, 2018.



212 King William Street, Hamilton – Conditional Site Plan Approval Rendering, September 2018

RELEVANT CONSULTATION

- Corporate Services, Financial Services Division, Tax Administration/Banking Section; and,
- Corporate Services, Legal Services Division, Legal Services Section.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The 2019 assessed value is \$1,068,957 and the property is classed as Commercial (CT). The ERASE RGP will be calculated as follows:

Grant Level:		80%
Total Eligible Costs (Maximum):	\$	4,803,684
Pre-project CVA: (CT - Commercial)	\$	1,068,957 Year: 2019

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Municipal Levy:	\$	23,111.71
Education Levy:	\$	<u>11,727.42</u>
Pre-project Property Taxes	\$	34,839.13
* Estimated Post-project CVA: (RT – Residential, XT – Commercial, New Construction)	\$	97,000,000
Total Estimated Ten-Year Grant (Maximum):	\$	4,803,684
** Estimated Municipal Levy:	\$	1,080,603.42
** Estimated Education Levy:	\$	<u>183,300</u>
** Estimated Post-project Property Taxes:	\$	1,263,903.42

*The actual roll number(s), assessed values, tax classification(s) and value partitioning (where applicable) to be determined by the Municipal Property Assessment Corporation

**2018 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 times 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.

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APPENDICES AND SCHEDULES ATTACHED

Appendix "A"-Location Map

KM/sd