



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	August 12, 2019
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 1160 Main Street East, ERG19-01 (PED19153) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	Phillip Caldwell (905) 546-2424 Ext. 2359
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 - ERG19-01, submitted by Main Street East Ltd., owner of the property at 1160 Main Street East, for an ERASE Redevelopment Grant not to exceed \$1,391,210, 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 PED19153, 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.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy,
safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service,
Engaged Empowered Employees.

EXECUTIVE SUMMARY

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted on March 12, 2019 by Main Street East Ltd., the owner of the property located at 1160 Main Street East, Hamilton (“the site”). A Phase One Environmental Site Assessment (ESA), was undertaken in 2018 to determine if there were potential sources of contamination on the site that could result in an Area of Potential Environmental Concern (APEC).

The site is approximately 0.16 ha (0.39 ac) in size and fronts on to the south-side of Main Street East. The closest major intersection is Main Street East and Ottawa Street located approximately 100 metres east. The site is bounded by residential buildings to the east, south and west and by a mixed-use commercial/residential building, as well as Memorial Elementary School, to the north. The site consists of a partially vacant two-storey commercial building with associated surface parking.

The Phase One ESA revealed that historical on-site activities had the potential to be of environmental concern stemming from the sites historical use as a vehicle sales and repair business as well as records indicating the potential for former Underground Storage Tanks (UST) and imported fill of an unknown quality on the site.

A subsequent Phase Two ESA was completed in 2018 informed by the collection of soil samples and groundwater monitoring on the property. The results confirmed evidence of Areas of Potential Environmental Concern (APEC) related to sources of electrical conductivity (EC), select metals, petroleum hydrocarbons (PHCs) and polycyclic aromatic hydrocarbon (PAHs).

The grant application is for \$1,391,210 in eligible costs associated with environmental site remediation and additional study costs. The proposed redevelopment of the site, for which Site Plan approval has been granted, is for a seven-storey mixed use building consisting of 75 residential rental units and ground floor retail/commercial floor space.

Project construction costs are estimated at approximately \$20 M. It is estimated that the proposed redevelopment will increase the property assessment from the pre-development value of \$635,500 (CT - Commercial) to approximately \$11,750,000 (NT – New Multi-Residential and XT – Commercial, New Construction). This will increase total annual property taxes generated by this property from \$19,899 to \$155,213, an increase of approximately \$135,314. The municipal portion of this increase is \$117,645 of which 80% or approximately \$94,116 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 \$1,391,210.

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Existing Conditions – 1160 Main Street East, Hamilton



Planned Redevelopment – 1160 Main Street East, Hamilton

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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 \$1,391,210. Based on an annual grant amount of \$94,116 the annual grant payments will conclude in year ten with an estimated total grant of \$941,162. The City will realize the full tax increase after year ten.

The City will retain 20% of the municipal tax increment estimated at \$23,529 a year for ten years. These monies will be deposited into the Brownfield Pilot Project Account No. 3620155102 - to be used by the City for its Municipal Acquisition and Partnership Program. 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

1160 Main Street East (“the site”) is located in a commercial/residential area fronting onto Main Street East between Balmoral Avenue South and Grosvenor Avenue South. The closest major intersection is Main Street East and Ottawa Street approximately 100 metres east. The site is rectangular in shape and approximately 0.16 ha (0.39 ac) in size. The site is bounded by residential buildings to the east, south and west and by a mixed-use commercial/residential building and Memorial Elementary School to the north. The site currently consists of a two-storey commercial building with associated surface parking. The building has had numerous expansions and additions since the 1950’s and has housed a variety of commercial uses. The building currently contains a video rental

store and one vacant unit. Historically the site has been occupied by a vehicle sales and repair business and residential uses.

A Phase One Environmental Site Assessment (ESA) was undertaken in 2018, the results of which identified three potential on-site and six off-site sources of potential environmental concern. The off-site sources were interpreted to be of low risk to the site given their distance and the prevailing direction of groundwater flow in this area. Nonetheless the off-site sources were considered within the scope of the subsequent Phase Two ESA. The three on-site sources of potential environmental concern were:

- The site's former use as a vehicle sales and repair business and the associated potential for solvents and hazardous waste generation;
- The importation of fill materials to the site of unknown quality; and,
- The potential use of Underground Storage Tanks (UTC) for heating oils.

An initial Phase Two ESA was undertaken in 2018 and included the drilling of six boreholes, three of which were completed as groundwater monitoring wells. The results confirmed the presence of contamination and identified the Contaminants of Concern (COC) as petroleum hydrocarbons (PHCs) likely associated with the UTC, electrical conductivity (EC), select metals and polycyclic aromatic hydrocarbons (PAHs). The COC's identified exceeded the Ministry of Environment, Parks and Conservation's ("the Ministry") Table 7 Site Condition Standards (SCS) for residential/parkland/institutional land use in shallow groundwater conditions.

Supplemental soil and groundwater sampling was completed in 2018 and 2019 to further delineate the vertical and horizontal extents of the contamination to inform the development of a supplemental Phase II ESA for the purposes of a future Record of Site Condition (RSC) filing in accordance with the Ministry's Ontario Regulation. 153/04. The sites change of use from commercial to residential requires an RSC to be filed with the Ministry upon completion of the remediation.

A Remedial Action Plan (RAP) was prepared in 2018 to develop a plan for the remediation of the site. The RAP was further updated in 2019 based on supplemental testing and identified the need for the removal of between 4,000 to 7,000 metric tonnes of contaminated soil. In addition, the RAP anticipated the presence of contaminated groundwater in the vicinity of the UTC that will be required to be removed in a volume of between 50 and 200 m³. The remediation plan also includes the removal of the existing UTCs.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The site is designated as a Primary Corridor on Schedule “E” – Urban Structure and as “Mixed Use - Medium Density” on Schedule “E-1” – Urban Land Use Designations of the Urban Hamilton Official Plan. This designation permits a full range of commercial uses, entertainment, recreational and residential uses at a medium density, to which the proposed development complies.

Hamilton Zoning By-law No. 05-200

The subject property is zoned “TOC1” Transit Oriented Corridor Mixed Use Medium Density. The proposed use of the site is permitted.

Site Plan Control Application

The site is subject to Site Plan Control. At the time of writing of this Report, the proposed development has received conditional Site Plan approval.

RELEVANT CONSULTATION

Staff from the Taxation Division, Corporate Services Department and Legal Services Division, Corporate Services Department, were consulted and the advice received is incorporated into this Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Grant Level:	80%
Total Eligible Costs (Maximum):	\$ 1,391,210
Pre-project CVA: (CT - Commercial)	\$ 635,500 Year: 2019
Municipal Levy:	\$ 13,349
Education Levy:	\$ 6,550
Pre-project Property Taxes	\$ 19,899
*Estimated Post-project CVA:	
(NT – New Multi-Residential/ XT – Commercial, New Construction)	\$ 11,750,000
Total Estimated Ten-Year Grant (Maximum):	\$ 941,162

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**Estimated Municipal Levy:	\$	130,994
**Estimated Education Levy:	\$	24,218
**Estimated Post-project Property Taxes:	\$	155,212

Note: All dollar figures are rounded to the nearest dollar.

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

***2019 tax rates have been used for calculation of the estimated post-development property taxes.*

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

PC:dt