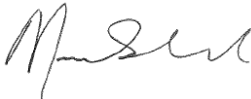




**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	January 13, 2021
<b>SUBJECT/REPORT NO:</b>	Hamilton Tax Increment Grant – 493 Dundas Street East, Waterdown (PED21011) (Ward 15)
<b>WARD(S) AFFECTED:</b>	Ward 15
<b>PREPARED BY:</b>	Carlo Gorni (905) 546-2424 Ext. 2755
<b>SUBMITTED BY:</b>	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That a Hamilton Tax Increment Grant Program application submitted by Woolcott Holdings Limited, for the property at 493 Dundas Street East, Waterdown, estimated at \$97,922.46 over a maximum of a five-year period, and based upon the incremental tax increase attributable to the development of 493 Dundas Street East, Waterdown, be authorized and approved in accordance with the terms and conditions of the Hamilton Tax Increment Grant Program;
- (b) That the Mayor and City Clerk be authorized and directed to execute a Grant Agreement together with any ancillary documentation required, to effect recommendation (a) of Report PED21011, 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 Hamilton Tax Increment Grant Program, as approved by City Council, are maintained.

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OUR Vision: To be the best place to raise a child and age successfully.

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**

The Hamilton Tax Increment Grant Program (HTIGP) application for the construction of the project at 493 Dundas Street East, Waterdown was submitted by Woolcott Holdings Limited, owner of the property. Now completed, the project is being used by a commercial real estate office, a legal office and a mortgage agent with approximately 7,500 square feet of office space. Prior to construction taking place, the property contained a vacant residential home of approximately 4,100 square feet.

The property is designated under Part IV of the *Ontario Heritage Act* through the adoption of By-law 86-121-H by the former Town of Flamborough.

Development costs are estimated at \$1,700,485.00 and it is projected that the proposed redevelopment will increase the assessed value of the property from its current value of \$693,000.00 to approximately \$2,081,000.00.

This will increase total annual property taxes generated by the property. The municipal share of this property tax increase (municipal tax increment) will be approximately \$32,640.82, of which 100% would be granted to the owner during year one, 80% or approximately \$26,112.66 in year two, 60% or approximately \$19,584.49 in year three, 40% or approximately \$13,056.33 in year four and 20% or approximately \$6,528.16 in year five. The estimated total value of the grant is approximately \$97,922.46. Note that every year the tax increment is based on actual taxes for that year.

Upon completion of the redevelopment and reassessment of the property by the Municipal Property Assessment Corporation (MPAC), staff will report back in an Information Update to Council on the actual redevelopment costs, the reassessment amount determined by MPAC and the grant amount.

## **Alternatives for Consideration – See Page 7**

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The City will collect full property taxes on the property and, in turn, provide a grant for five years, declining each year after the first year by 20%, based on the increase in the municipal portion of the taxes, post-development completion of 493 Dundas Street East, Waterdown. Following year one of the grant payment, the City will start to realize the positive results of the Program from a financial perspective. Based on the projected figures, the estimated tax increment over five years totals \$163,204.10, of which the applicant would receive a grant totalling approximately \$97,922.46 and the City retaining taxes totalling approximately \$65,281.64.

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**Staffing:** Applicants and subsequent grant payments under the HTIGP are processed by the Commercial Districts and Small Business Section and Taxation Section, Corporate Services Department. There are no additional staffing requirements.

**Legal:** Section 28 of the *Planning Act* permits a municipality, in accordance with a Community Improvement Plan, to make loans and grants which would otherwise be prohibited under Section 106(2) of the *Municipal Act*, to registered / assessed owners and tenants of lands and buildings. A Community Improvement Plan can only be adopted and come into effect within a designated Community Improvement Project Area. Changes to a Community Improvement Plan or Community Improvement Project Area require formal amendments as dictated by the *Planning Act*.

The applicant will be required to execute a Grant Agreement prior to the grant being advanced. The Grant Agreement will be developed in consultation with Legal Services.

As construction projects move forward, it is sometimes necessary to amend previously approved Grant Agreements and any ancillary documentation. Therefore, staff recommends that the General Manager of Planning and Economic Development be authorized to amend Grant Agreements and any ancillary documentation, provided that the terms and conditions of the HTIGP are maintained.



493 Dundas Street East (Front of Property) Source: Applicant



493 Dundas Street East (Rear of Property) Source: Applicant

## **HISTORICAL BACKGROUND**

City Council, at its meeting held August 22, 2001, approved an amendment to the Downtown and Community Renewal Community Improvement Plan which introduced the HTIGP. Since that time, a number of Program refinements have been approved by City Council, including expanding the Program to Community Downtowns, Business Improvement Areas, the Mount Hope / Airport Gateway, the corridors of Barton Street and Kenilworth Avenue as identified in the Downtown and Community Renewal Community Improvement Project Area and most recently, to properties designated under Part IV or V of the *Ontario Heritage Act*. The terms of the Program offer a five-year grant not to exceed the increase in municipal realty taxes as a result of the development. The grant is to be in an amount which does not exceed 100% of the municipal realty tax increase during the first year, 80% in year two, 60% in year three, 40% in year four, and 20% in year five.

The project at 493 Dundas Street East, Waterdown, is an eligible project under the terms of the HTIGP. The applicant will qualify for the HTIGP grant upon completion of the development project. Development costs are estimated at \$1,700,485.00. The total estimated grant over the five-year period is approximately \$97,922.46.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

### Urban Hamilton Official Plan

The subject property is municipally known as 493 Dundas Street East and is located within “Neighbourhoods” on Schedule “E” – Urban Structure. The property is

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designated “Mixed Use – Medium Density” on Schedule “E-1” – Urban Land Use Designations.

The uses of the property conform to the above designation.

Zoning By-law No. 05-200

Under the City of Hamilton Zoning By-Law No. 05-200, the subject property is zoned “Mixed Use Medium Density (C5) Zone, Exception 585”. The site-specific exception is with respect to a limited range of commercial uses which may be permitted in the existing building, modified parking regulations, modified minimum and maximum setbacks and landscaping requirements.

The uses of the property are permitted.

**RELEVANT CONSULTATION**

Staff from the Taxation Section and the Finance and Administration Section, Corporate Services Department and the Legal Services Division, City Manager’s Office was consulted, and the advice received is incorporated into Report PED21011

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Commercial Districts and Small Business staff, in co-operation with staff from the Taxation Section and Legal Services Division, developed an estimated schedule of grant payments under the terms of the Program. The final schedule of grant payments will be contingent upon a new assessment by MPAC following completion of the project. The applicant will be required to sign a Grant Agreement. The Grant Agreement contains provisions for varying the grant payment in each, and every year based on MPAC’s assessed value. By signing, the applicant will accept the terms and conditions outlined therein prior to any grant payments being made. The Agreement outlines the terms and conditions of the grant payments over the five-year period.

The estimated grant shall be calculated according to the following formulas:

Grant Level:		100%	
Total Eligible Costs (Maximum):	\$	\$1,700,485.00	
Total Pre-project CVA: RT (Residential)	\$	693,000.00	Year: 2018

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Pre-Project Property Taxes		
Municipal Levy:	\$	6,888.64
Education Levy:	\$	<u>1,178.10</u>
Pre-project Property Taxes	\$	8,066.74

\*Post-project CVA:  
 XT (Commercial New Construction)  
**Estimated** Post-project CVA \$ 2,081,000.00 Year: TBD

Post-Project Property Taxes		
** <b>Estimated</b> Municipal Levy:	\$	39,529.46
** <b>Estimated</b> Education Levy:	\$	<u>21,434.30</u>
** <b>Estimated</b> Post-Project Property Taxes:	\$	60,963.76

\*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.

Pre-project Municipal Taxes = Municipal Levy = \$6,888.64  
 Municipal Tax Increment = \$39,529.46 - \$6,888.64 = \$32,640.82

Payment in Year One = \$32,640.82 x 1.0 = \$32,640.82

**ESTIMATED GRANT PAYMENT SCHEDULE for commercial building: Commercial building with used as real estate office, law office and mortgage agent**

Year	Grant Factor	Tax Increment*	Grant
1	100%	\$32,640.82	\$32,640.82
2	80%	\$32,640.82	\$26,112.66
3	60%	\$32,640.82	\$19,584.49
4	40%	\$32,640.82	\$13,056.33
5	20%	\$32,640.82	\$6,528.16
<b>Total</b>		<b>\$163,204.10</b>	<b>\$97,922.46</b>

\*Note that the tax increment is based every year on actual taxes for that year. The figures above are estimates. In other words, for each year a grant payment is paid, the

actual taxes for the year of the grant payment will be used in the calculation of the grant payment.

### **ALTERNATIVES FOR CONSIDERATION**

Declining a grant and/or approving a reduced amount would undermine the principles of the HTIGP and regeneration efforts in general. This alternative is not recommended.

**Financial:** Grants totalling \$97,922.46 over a five-year period would not be issued.

**Staffing:** Not applicable

**Legal:** Not applicable

### **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.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PED21011 – Location Map