



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members Planning Committee
COMMITTEE DATE:	February 16, 2021
SUBJECT/REPORT NO:	Updates to the Terms of the Environmental Remediation and Site Enhancement's (ERASE) Redevelopment Grant and Tax Assistance Programs (PED21034) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Phil Caldwell (905) 546-2424 Ext. 2359
SUBMITTED BY:	Norm Schleehahn Director, Economic Development Planning and Economic Development Department 
SIGNATURE:	

RECOMMENDATION

- (a) That the amended program description for the Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant (ERG) Program, which forms Appendix B to the ERASE Community Improvement Plan and attached as Appendix "A" to Report PED21034, be approved.
- (b) That the amended program description for the Environmental Remediation and Site Enhancement (ERASE) Tax Assistance Program (TAP), which forms Appendix C to the ERASE Community Improvement Plan and attached as Appendix "B" to Report PED21034, be approved.

EXECUTIVE SUMMARY

On January 20, 2021, City Council approved a Motion requesting staff investigate potential amendments to the terms of the Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant (ERG) Program and ERASE Tax Assistance Program (TAP). The intent of the potential amendments would be to provide City Council the ability to refuse applications or approve applications at reduced amounts relative to the standard program parameters where City Council does not

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support the development that is the subject of a program application. This would include instances where developments have been approved by the Local Planning Appeals Tribunal (LPAT) or the Provincial Minister of Municipal Affairs and Housing (the Minister) in a manner not supported by City Council.

In consultation with Legal Services and Taxation Divisions, staff are recommending the inclusion of two new program terms to the ERG and TAP program descriptions which would provide greater certainty as to City Council's ability to refuse an application or provide reduced grants or tax cancellation for all or a portion of a development that City Council does not support.

These terms would not impact staff's review or recommendations on applications. The decision as to whether City Council supports the development in its entirety, only partially or not at all, as well as the ability to approve a program application, approve at a reduced amount relative to the standard program parameters or refuse the application in its entirety, would continue to be at the sole discretion of City Council.

Where City Council elects to approve an application, but at a reduced amount, it will be at City Council's discretion to identify the alternate parameters and/or maximum value of the assistance to be provided. In this respect, staff are also recommending additional language in the program descriptions whereby applicants will be required to provide additional supporting documentation, at their own expense, to support the City's providing of financial assistance in accordance with City Council's approval/direction, including but not limited to, all Municipal Property Assessment Corporation (MPAC) post development assessment estimates required by staff.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications arising from this Report.

Staffing: There are no staffing implications arising from this Report.

Legal: There are no legal implications arising from this Report.

HISTORICAL BACKGROUND

Since 2001, the City has voluntarily provided financial incentives through the ERASE Community Improvement Plan (CIP) to assist property owners with the investigation and/or remediation of soil and groundwater contamination on their properties. The goal of these programs is to mitigate increased costs associated with redeveloping

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contaminated properties relative to properties that are not contaminated. By providing such incentives the City achieves improved environmental conditions, generates increased tax revenue from under-utilized properties at risk of not otherwise being developed and generally supports the broader revitalization of the urban area.

Two ERASE programs, the ERG and TAP provide financial assistance specifically with respect to the physical remediation of properties where remediation will occur in association with a planned redevelopment of the property. These programs provide either grants or tax cancellation incentives respectively in an amount that is directly correlated to, and provided from, the increase in municipal property taxes generated by the redevelopment. Specifically, annual grants or tax cancellation are provided at 80% of the tax increment generated by the redevelopment and can be provided for a maximum of 10 years or until such time as the eligible remediation costs have been recovered, whichever comes first. After this period, the City retains the full tax increment for the life of the development.

On January 20, 2021, City Council approved a Motion requesting staff to investigate potential amendments to the terms of the ERG and TAP programs so as to provide City Council the ability to refuse applications or approve applications at reduced amounts relative to the standard program parameters for developments which City Council does not support.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

This Report contains recommended updates to the program descriptions of the ERG and TAP programs in response to City Council's Motion. These programs are implemented as Appendix B and C respectively to the authorizing ERASE CIP. As these appendices do not form part of the approval of the ERASE CIP or its implementing By-Law (No. 18-076) and as the recommended amendments do not alter the intent of the authorizing CIP, an amendment under Section 28 of the *Planning Act* to implement the recommendations of this Report is not required.

RELEVANT CONSULTATION

Staff from Economic Development, Legal Services and Taxation Divisions have been involved in the development and review of the recommended amendments contained in this Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The following program terms are being recommended for inclusion in the program descriptions of the ERG and TAP programs in response to City Council's Motion:

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- “A Program application may be denied by City Council if the development that is the subject of the grant application is not supported by City Council notwithstanding any approval of *Planning Act* applications by any other authority including, but not limited to, the Local Planning Appeal Tribunal or the Minister of Municipal Affairs and Housing, and that City Council’s decision on the Program application will not fetter its discretion on *Planning Act* applications.”
- “City Council’s approval of a Program application can provide for a reduced grant amount so that no grant is payable in respect of any portion of the development that is the subject of the grant application which City Council does not support notwithstanding any approval of *Planning Act* applications by any other authority including, but not limited to, the Local Planning Appeal Tribunal or the Minister of Municipal Affairs and Housing, and that City Council’s decision on the Program application will not fetter its discretion on *Planning Act* applications.”

These terms will address the intent of the Motion by providing greater certainty as to City Council’s ability to refuse applications or provide reduced grants or tax cancellation incentives for all or a portion of a development that City Council does not support.

The above program terms would not impact staff’s review or recommendations to City Council of applications which involve developments that have been the subject of an approval by another authority including the LPAT or the Minister. The decision as to whether City Council supports the development in its entirety, only partially or not at all, as well as the ability to approve a program application, approve at a reduced amount relative to the standard program parameters or refuse the application in its entirety, would continue to be at the sole discretion of City Council.

Where City Council elects to approve an application, but at a reduced amount, it will be at City Council’s discretion to identify the alternate parameters and/or maximum value of the financial assistance to be provided. Depending on the parameters established by City Council at the time of considering an application, this may require staff to obtain additional information and documentation from the applicant to facilitate City Council’s approval/direction. One such scenario is if City Council elected to provide a partial incentive based on the tax increment that would have been generated based on the portion of a development that meets existing Official Plan and Zoning By-law permissions versus that which may have been approved in excess of those permissions via another authority. In such an instance, staff would require alternative post development assessment estimates to be created by MPAC for use in the administration of the program, including prior to each annual grant payment, as the actual assessment and property tax increment that will materialize, and which would typically be used in the calculation of annual grant payments, would no longer be applicable for that purpose.

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To address matters such as this, staff are also recommending added language in the program descriptions such that applicants will be required to provide additional supporting documentation, at their own expense, to support the providing of financial assistance in accordance with City Council's approval/direction, including but not limited to, all MPAC post development assessment estimates required by staff.

The additional terms discussed in this section are reflected in the recommended program descriptions contained in Appendices A and B to this Report.

ALTERNATIVES FOR CONSIDERATION

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.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – Amended Program Description for the ERASE Redevelopment Grant (ERG) Program forming Appendix B to the ERASE Community Improvement Plan.

Appendix "B" – Amended Program Terms and Administrative Procedures for the ERASE Tax Assistance Program (TAP) forming Appendix C to the ERASE Community Improvement Plan.