



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 24, 2021
SUBJECT/REPORT NO:	Grant Increase to an Existing Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Approval, 12 Blanshard Street and 85 Poulette Street, Hamilton, ERG-16-02 (PED18016(a)) (Ward 1)
WARD(S) AFFECTED:	Ward 1
PREPARED BY:	Phil Caldwell (905) 546-2424 Ext. 2359
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-16-02, submitted by Dawn Victoria Homes (Brantford) Limited, owner of the properties at 12 Blanshard Street and 85 Poulette Street, Hamilton, for an ERASE Redevelopment Grant not to exceed an additional \$286,682.00, for a total maximum grant of \$768,832.00, payable over a maximum of ten (10) 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 PED18016(a), 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 on December 22, 2016 by Dawn Victoria Homes (Brantford) Limited, the owner of the property located at 12 Blanshard Street, Hamilton and 85 Poulette Street, Hamilton (“the site”).

The site is approximately 0.3 ha (0.75 ac) and located at the north-east corner of Blanshard Street and Poulette Street within the Kirkendall North neighbourhood of central Hamilton. Prior to redevelopment commencing, the site was vacant. Historical records indicate the site was first developed for residential uses around 1910 and contained subsequent evidence of a valley/depression related to a historic tributary of Cootes Paradise passing through the site.

A Phase Two Environmental Site Assessment undertaken in June 2016 to investigate the site’s soil and groundwater conditions identified the presence of contaminants at levels above the applicable standards required to accommodate the planned development in accordance with Ontario Regulation 153/04. The planned development of the property, for which Site Plan approval has been granted, consists of three townhouses fronting on Poulette Street and 24 stacked townhouses on the remainder of the site for a total of 27 condominium units.

On January 17, 2018 City Council approved the applicant’s ERG application with a maximum grant of \$480,650.00 which was based on the estimated cost of remediation for the site as identified by the applicant’s environmental consultant.

In February 2019, staff were first advised by the applicant that remediation costs would exceed the original estimate. Costs for the site’s remediation based on invoices submitted to the City in August 2020, identified costs as being \$1,140,388.22.

Submitted invoices, the rationale for increased costs above the original estimates and all supporting documentation from the applicant was reviewed with the assistance of an independent third-party environmental consultant (MTE) retained by City staff. The result of the review identified \$768,832.00 in eligible remediation costs which met the purpose, intent and eligibility criteria under the ERG program.

As such, staff’s recommendation is to increase the original approved maximum potential grant amount by an additional \$286,682.00, for a total maximum grant of \$768,832.00.

SUBJECT: Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 12 Blanshard Street and 85 Poulette Street, Hamilton, ERG-16-02 (PED18016(a)) (Ward 1) - Page 3 of 9

Project construction costs are estimated to be approximately \$6,000,000.00. It is estimated that the proposed development will increase the property assessment from the pre-development value of \$497,000.00 (RT – Residential) to approximately \$10,700,000.00 (RT – Residential). This will increase total annual property taxes generated by this site from \$5,320.85 to \$127,181.38, an increase of approximately \$121,860.53. The municipal portion of this increase is \$106,215.38 of which 80%, representing the maximum potential annual grant, would be approximately \$84,972.30. Based on the estimated eligible costs provided by the applicant, the maximum grant will not exceed \$768,832.00 over a period of ten (10) annual payments.

The sites existing conditions as well as renderings of the planned development are provided below.



Former Site Conditions – 12 Blanshard Street and 85 Poulette Street, Hamilton, looking north-west from Blanshard Street, Hamilton. (Source: maps.google.ca – May 2016)



Rendering of Redevelopment – 12 Blanshard Street and 85 Poulette Street, Hamilton (Source: <http://www.dawnvictoriahomes.ca/communities/locke-street-lofts/>)

Alternatives for Consideration – See Page 8

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FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As per the ERASE Redevelopment Grant (ERG) Program, 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 \$768,832.00. Based on an estimated maximum potential annual grant amount of \$84,972.00 the annual grant payments will conclude in year ten (10) and the City will realize the full tax increment thereafter.

The City will retain the remaining 20% of the annual municipal tax increment estimated at \$21,243.08. These monies, to a maximum of 20% of the total grant to be provided to the applicant, estimated to total \$153,766.40 over ten (10) years, 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, remediating and redeveloping property it already owns, or participating in public/private partnerships to redevelop brownfield properties.

Staffing: Applications and grant payments under the ERG program are processed by existing staff in the Economic Development Division and the Taxation Section of the Finance and Administration Division, Corporate Services Department. There are no additional staffing requirements.

Legal: The ERG Program is authorized by the ERASE CIP which was adopted and approved in 2001 and subsequently comprehensively updated 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 comprises an area of approximately 0.3 ha (0.75 ac) and is located at the north-east corner of Blanshard Street and Poulette Street within the Kirkendall North neighbourhood of central Hamilton. The site is bounded by an existing multi-residential building to the north, low-rise commercial/mixed-use buildings to the east and low-rise residential to the south and west. The closest signalized intersection is located approximately 80 metres northeast of the site at Locke Street South and Hunter Street West. Prior to redevelopment commencing, the site was vacant and contained no buildings or structures with the exception of a concrete retaining wall running along the

north end of the site. A Phase One Environmental Site Assessment (ESA) completed in April 2016 identified the site as first being developed for residential uses around 1910 and contained subsequent evidence of a valley/depression related to a historic tributary of Cootes Paradise passing through the site.

The results of the Phase One ESA identified the potential for one on-site and one off-site Area of Potential Environmental Concern (APEC) which include:

- The on-site importation of fill material of unknown quality; and
- The historic off-site presence of a former landfill to the west of the site.

As a result of the Phase One ESA findings, a Phase Two ESA was recommended and undertaken in June 2016. The Phase Two ESA was informed by 17 boreholes undertaken on the site and the installation of four monitoring wells to evaluate the sites soil and groundwater conditions. The results of the site investigations identified the presence of contaminates in the soil and groundwater that exceeded the applicable Ministry of Environment, Conservation and Parks (“the Ministry”) Table 3 Site Condition Standards (SCS) in a non-potable groundwater condition for residential/parkland/institutional land uses in accordance with Ontario Regulation 153/04. As a result, remediation was needed to restore the site to the applicable generic standards in order to satisfy requirements for the filing of a Record of Site Condition (RSC) with the Ministry.

On December 22, 2016 an application was submitted to the ERASE Redevelopment Grant (ERG) program by Dawn Victoria Homes (Brantford) Limited for the site. This application included a cost estimate for the planned remediation works prepared by the applicant’s environmental consultant and Qualified Person (QP), AEL Environment. This estimate identified potential remediation costs of \$480,650.00.

On January 17, 2018 City Council approved the applicant’s ERG application with a maximum grant of \$480,650.00.

Subsequent to this approval, remediation of the site commenced in order to accommodate the planned development which consisted of three townhouses fronting on Poulette Street and 24 stacked townhouses on the remainder of the site for a total of 27 condominium units. At the time of this report, the development has been granted Site Plan approval and Building Permit applications have been submitted to the City with respect to the development of the 24 stacked townhouses.

In February 2019, staff were first advised by the applicant that remediation costs would exceed the original estimate. Costs for the site's remediation, as detailed by the applicant's environmental consultant, were identified as having risen from an estimate of \$480,650.00 in 2016 to \$940,500.00 as of August 2019. Invoices submitted by the applicant in August 2020 for the purposes of an audit undertaken by City staff and a third-party environmental consultant retained by the City totalled \$1,140,388.22.

The increase in remediation costs were attributed by AEL Environment to multiple factors including:

- An increase in the total amount of soil required to be removed and disposed of from the site;
- An increase in engineering and management costs as a result of increased soil investigation and testing activities during on-site excavation; and
- An increase in costs associated with the filing of the Record of Site Condition with the Ministry.

Staff's review of these costs and rationale for the resulting recommendations contained in this Report are discussed under the "Analysis and Rationale for Recommendation" section.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The site is municipally known as 12 Blanshard Street and 85 Poulette Street, Hamilton, and designated as "Neighbourhoods" on Schedule "E" – Urban Structure and as "Mixed use Medium Density" on Schedule "E-1" – Urban Land Use Designation. A range residential uses along with supporting retail and service commercial uses are supported within these designations with which the planned development complies.

Hamilton Zoning By-law No. 6593

The site is zoned "E-2-H/S-1660" (Multiple Dwellings, Lodges, Clubs, etc.) District, Modified, and RT-30-H/S-1660 (Street – Townhouse), Modified under the former City of Hamilton Zoning By-law No. 6593. These zones permit multiple dwellings and townhouses respectively. The site is also subject to a holding provision which contains specific conditions required to be satisfied prior to the development commencing. The planned use of the site is permitted.

Site Plan Control

The site is subject to Site Plan Control. The development has received Site Plan approval.

RELEVANT CONSULTATION

Staff from the Taxation Section of the Finance and Administration Division, Corporate Services Department and the Legal Services Division, City Manager's Office were consulted, and the advice received is incorporated in this Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

To assist staff's evaluation of the potential eligibility of costs submitted by the applicant, staff retained an independent third-party environmental firm, MTE, to review the details of the site's remediation works, the rationale for increased costs and all supporting documentation which was submitted to the City by the applicant.

The conclusion of this review and City staff's audit identified a total of \$768,832.00 in remediation costs which were considered to be directly related to the remediation of the site and required in order to achieve the filing of an RSC with the Ministry in accordance with the requirements for eligibility under the ERG program. Staff's determination of eligible costs is in keeping with the purpose, intent and eligibility criteria of the ERG program as established under the ERASE CIP. The total eligible costs identified by City staff are \$286,682.00 more than the current maximum potential grant approved by City Council in 2018.

Costs which were submitted by the applicant, but which were deemed not to be eligible under the ERG program, included:

- Costs associated with construction activities considered to be required to facilitate the planned development independent of the presence of contamination;
- A portion of engineering/management costs which were deemed to have not influenced the site's overall remediation needs;
- The submission of costs for a Phase One ESA which are not eligible under the ERASE programs; and
- The submission of costs which were already eligible under a different program; the ERASE Study Grant Program.

As such, staff’s recommendation is that the maximum potential grant amount be increased by \$286,682.00, for a total maximum potential grant of \$768,832.00 based on the eligibility of costs permitted by the ERG program for site’s located within Area 3 – Urban Area of the ERASE Community Improvement Project Area (CIPA) and based on the review of actual and updated costs undertaken by City staff and the third party environmental consultant.

The following is an overview of pre and post development property assessments and associated taxes which have informed the estimated potential grant and the grant payment period contained in this Report. The following calculations have been updated from the original estimates contained in Report PED18016 in order to reflect the most recent municipal tax rates.

Grant Level:		80%
Total Estimated Eligible Costs (Maximum):	\$	768,832.00
Pre-project CVA: (RT – Residential)	\$	497,000.00 Year: 2017
Municipal Levy:	\$	4,595.00
Education Levy:	\$	<u>725.85</u>
Pre-project Property Taxes	\$	5,320.85
*Estimated Post-project CVA: (RT – Residential)	\$	10,700,000.00 Year: 2020
**Estimated Municipal Levy:	\$	110,810.38
**Estimated Education Levy:	\$	<u>16,371.00</u>
**Estimated Post-project Property Taxes:	\$	127,181.38

**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).*

***2020 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

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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