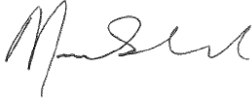




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	May 5, 2021
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 801 and 803 King Street West and 80, 86 and 90 Carling Street, Hamilton ERG-20-05 (PED21089) (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-20-05, submitted by 1649626 Ontario Inc. (Ninco Developments Inc.), owner of the properties at 801 and 803 King Street West and 80, 86 and 90 Carling Street, Hamilton for an ERASE Redevelopment Grant not to exceed \$1,436,007 the estimated cost of the remediation, to be provided 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 give effect to the ERASE Redevelopment Grant for 1649626 Ontario Inc. (Ninco Developments Inc.), owner of the properties at 801 and 803 King Street West and 80, 86 and 90 Carling Street, Hamilton, 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.

EXECUTIVE SUMMARY

An updated Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted for 801 and 803 King Street West and 80, 86 and 90 Carling Street, Hamilton (the Site) on August 11, 2020 by 1649626 Ontario Inc., the owner of the subject properties.

The site is approximately 0.26 ha (0.64 ac) in size and located in a primarily low to medium density residential and commercial area of the Westdale South neighbourhood of west Hamilton. The site is located to the southeast of the intersection at King Street West and Paradise Road South and comprises properties fronting on King Street West and Carling Street. The site is presently vacant of any buildings and was previously the site of residential dwellings along Carling Street and a commercial building along King Street West that previously contained a commercial paint store and dry cleaners.

Under a previous ERG application, ERG-06-07, the site and existing owner were approved by City Council for an ERASE Redevelopment Grant (ERG) in 2007 and 2012 (PED07078 and PED07078(a) respectively). Under this approval, remediation activities were undertaken on the site between 2007 and 2008 to address a variety of contaminants found on the site that exceeded the applicable Ministry of Environment, Conservation and Parks (MECP) site condition standards required to facilitate the site's redevelopment. These remediation works resulted in the submission of a Record of Site Condition to the MECP by a previous environmental consultant, Blue Water Environmental Inc., on behalf of the property owner. This RSC was subsequently audited by the Ministry of Environment, Conservation and Parks (MECP) with the results of the audit identifying the continued presence of contamination levels on the site and a requirement for further remediation to take place. Since this finding, the site has remained undeveloped and the City Council approval of the previous ERG application in 2012 has since lapsed as above grade construction did not commence within five years of Council's approval, as required under the ERG program.

The updated ERG application which is the subject of this Report updates the planned remediation methods and estimated costs required to complete the site's remediation in

**SUBJECT: Environmental Remediation and Site Enhancement (ERASE)
Redevelopment Grant Application, 801 and 803 King Street West and
80, 86 and 90 Carling Street, Hamilton ERG-20-05 (PED21089) (Ward 1)
- Page 3 of 9**

order to facilitate a planned seven storey, 100-unit development, including 10 affordable housing units, which received conditional Site Plan approval in May 2020.

The grant application is for \$1,436,007 in eligible remediation costs required to facilitate the filing of a Record of Site Condition for the site and includes \$931,017 in future remediation costs identified through an updated February 2021 Remedial Action Plan and \$504,990 in remediation costs already incurred to-date since the initial ERG Application (ERG-06-07) was submitted in 2006.

Project construction costs are estimated at approximately \$20,000,000. It is estimated that the proposed development will increase the property assessment from the pre-development value of \$1,446,000 (MT-Multi Residential Vacant Land) to approximately \$12,877,000 (NT-Multi Residential New Construction). This will increase total annual property taxes generated by this site from \$39,464 to \$153,057 an increase of approximately \$113,593. The municipal portion of this increase is \$96,104 of which 80%, representing the maximum potential annual grant, would be approximately \$76,883. Based on the estimated eligible costs provided by the applicant, the maximum grant will not exceed \$768,832 over a period of 10 annual payments.

The existing condition of the site as well as renderings of the planned redevelopment are provided below.



Existing Conditions – 801 and 803 King Street West and 80, 86 and 90 Carling Street, Hamilton (Source: maps.google.ca – Oct. 2020)



Planned Development (Looking southwest along King Street West) – 801 and 803 King Street West and 80, 86 and 90 Carling Street, Hamilton (Source: 1649626 Ontario Inc.)

Alternatives for Consideration – See Page 9

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 \$1,436,007. Based on an estimated maximum potential annual grant amount of \$76,883, the annual grant payments will conclude after the 10th year's payment with an estimated total grant of \$768,832. The City will realize the full tax increment after the 10th year's payment.

The City will retain the remaining 20% of the annual municipal tax increment estimated at \$19,221. These monies, to a maximum of 20% of the total grant to be provided to the applicant, estimated to total \$152,766 over two year, 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 from the Commercial Districts and Small Business Section, Economic Development Division and Taxation Section of the Finance and Administration Division.

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 is approximately 0.26 ha (0.64 ac) in size and located in a primarily low density residential and commercial area of the Westdale South neighbourhood of west Hamilton. The site is located to the southeast of the intersection at King Street West and Paradise Road South. The site comprises properties fronting on King Street West and on Carling Street. The properties are located midblock and bounded by a mix of commercial and low and mid-rise multi-residential buildings located to the north, east and west and single detached dwellings to the south. The closest signalized intersection is approximately 80 m east of the site at King Street West and Macklin Street South. The site is presently vacant of any buildings and was previously the site of residential dwellings along Carling Street and a commercial building along King Street West that previously contained a commercial paint store and dry cleaners.

In 2006, an application was made to the ERG program (ERG-06-07) to provide financial assistance towards the remediation of the property. At this time, environmental studies undertaken by Blue Water Environmental Inc. identified soil and groundwater contamination at concentrations exceeding the applicable MOE site condition standards. The contaminants present were believed to have originated from the previous uses on the properties as well as from two underground storage tanks (USTs) that were formerly located on the site. The soil and groundwater contamination showed elevated levels of petroleum hydrocarbons (PHCs) and volatile organic compounds (VOCs), including benzene, dichloroethylene, trichloroethylene and perchloroethylene (PCE). In late 2006, Blue Water Environmental Inc. developed a Remedial Action Plan

that involved site remediation utilizing Blue Water's In-Situ Biological Remediation Technology with an estimated cost of \$525,000. This amount was approved by City Council as the maximum potential grant to be provided under the ERG program via Report PED07078.

Remediation was carried out over 2007 and 2008 and involved the injection of microbial solutions into the soil intended to remediate the property to a standard that would facilitate the filing of a Record of Site Condition (RSC) needed to facilitate redevelopment of the site. The RSC was filed with the MECP in late 2009.

Subsequent to this filing, the MECP chose to audit the RSC that was filed by Blue Water Environmental Inc. and notified the property owner of inconsistencies in the submission that resulted in the MECP undertaking their own field sampling in December 2010. The MECP issued a letter of non-compliance in February of 2011 to the property owner notifying that on-site contamination still exceeded the applicable standards required to permit development. As a result, the owner retained JFM Environmental Limited (JFM) to undertake an updated Phase Two Environmental Site Assessment, peer review past works and prepare a second Remedial Action Plan to identify a new remediation plan and associated estimated costs to complete remediation of the properties. The proposed remediation method recommended by JFM Environmental Limited was to remove contamination through excavation of the impacted soil.

As a result of the RSC audit and JFM Environmental's recommended remediation plan, the property owner submitted an updated cost estimate for remediation activities totalling \$2,224,875 for consideration under the ERG program. City Council approved an increase to the maximum potential grant in 2012 via Report PED07078(a) of \$1,699,875 for a total potential grant of \$2,224,875. At this time, the planned development for the site was a seven storey, 63-unit multi-residential development intended to provide housing for students.

A Risk Assessment was prepared for the site in December 2013 by Intrinsik Environmental Sciences Inc. This Risk Assessment was accepted by the MECP and a Certificate of Property Use was issued to address the planned Risk Management Measures.

Remediation, implementation of Risk Management Measures and redevelopment of the site did not proceed subsequent to this approval and the site has remained undeveloped since. As a result, City Council's 2012 ERG Application approval has lapsed as construction of the development did not commence within five years of Council's approval as required under the terms of the ERG program. Ownership of the property continues to be with 1649626 Ontario Inc.

Recently, a revised development proposal was brought forward by the property owner for a seven storey, 100-unit multi-residential development. This development received conditional Site Plan approval in May 2020. The development is proposed to include 10 affordable rental units and will enable the development to benefit from low-interest construction financing from the Canada Mortgage and Housing Corporation (CMHC). In April 2020, City Council approved municipal incentives with respect to the 10 affordable housing units via Report HSC20009, totalling an estimated \$34,634, in the form of forgivable loans related to Building Permit and planning application fee offsets and a Cash-in-Lieu of Parkland Dedication exemption.

To facilitate the planned development, an updated Remedial Action Plan was prepared by G2S Environmental Consulting in February 2021 which outlined planned remediation of the site which includes:

- Excavation and disposal of impacted soil; and
- Implementation of Risk Management Measures as part of the site's redevelopment including, but not limited to, a hard/fill cap for the site, groundwater monitoring program and vapour mitigation measures to be incorporated into the planned building.

Estimated costs to facilitate the sites remediation have decreased relative to that originally estimated in 2012 with future remediation costs now estimated at \$931,017.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The site is identified as a "Primary Corridor" on Schedule "E" – Urban Structure and designated as "Mixed Use – Medium Density" on Schedule "E-1" – Urban Land Use Designations of the Urban Hamilton Official Plan which is intended to permit a full range of retail, service commercial, entertainment and residential uses at a moderate scale.

The planned development complies with the above designation.

Former City of Hamilton Zoning By-law No. 6593

The site is zoned "E/S-1446" (Multiple Dwellings, Lodges Clubs etc.) District which permits multiple dwellings, institutional uses and various commercial uses, including offices, to which the planned development complies.

Site Plan Control Application

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

RELEVANT CONSULTATION

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

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Potential estimated costs, as submitted by the applicant, and which may be eligible under the ERG Program based on the site's location within Area 1 – Urban Area of the ERASE Community Improvement Project Area (CIPA) include the following:

- \$931,017 in remediation costs including, but not limited to, costs for the excavation of approximately 4,125 m³ of contaminated soil to be disposed of at a licensed facility, costs associated with the implementation of Risk Management Measures and environmental consulting services; and
- \$504,990 in remediation costs already incurred since the initial ERG application (ERG-06-07) submitted in 2006.

In total, estimated eligible costs are \$1,436,007. Invoicing and associated documentation for said estimated costs will be the subject of an audit by staff to ensure eligibility and compliance with the parameters of the ERG program.

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:

Grant Level:		80%
Total Estimated Eligible Costs (Maximum):	\$	1,436,007
Pre-project CVA: (MT – Multi-Residential Vacant Land)	\$	1,446,000 Year: 2020
Municipal Levy:	\$	37,252
Education Levy:	\$	2,212
Pre-project Property Taxes	\$	39,464

**SUBJECT: Environmental Remediation and Site Enhancement (ERASE)
Redevelopment Grant Application, 801 and 803 King Street West and
80, 86 and 90 Carling Street, Hamilton ERG-20-05 (PED21089) (Ward 1)
- Page 9 of 9**

*Estimated Post-project CVA: (NT – Multi Residential New Construction)	\$	12,877,000
Total Estimated Grant (Maximum):	\$	768,832
**Estimated Municipal Levy:	\$	133,356
**Estimated Education Levy:	\$	<u>19,702</u>
**Estimated Post-project Property Taxes:	\$	153,058

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).*

***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

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