



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	August 10, 2020
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 3311 Homestead Drive, ERG18-03 (PED20125) (Ward 11)
WARD(S) AFFECTED:	Ward 11
PREPARED BY:	Phillip 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 - ERG18-03, submitted by 1804482 Ontario Ltd. (Sonoma Homes), owner of the property at 3311 Homestead Drive, Mount Hope, for an ERASE Redevelopment Grant not to exceed \$91,681, the actual cost of the remediation over a maximum of one year, 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 PED20125, 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 27, 2018 by 1804482 Ontario Ltd. (Sonoma Homes), the owner of the property located at 3311 Homestead Drive, Mount Hope (“the site”).

The site is approximately 2.71 ha (6.7 ac) and located between Airport Road West to the north, Upper James Street to the east and south and Homestead Drive to the west. The site begins approximately 100 m southwest of the intersection of Airport Road and Upper James Street. The site is bounded by single detached dwellings and various commercial uses to the north and west and by an existing golf course across Upper James Street to the east and south. The site currently contains two vacant single detached dwellings. The southern portion of the site was formerly the location of a vehicle mechanic with associated accessory buildings which are also currently vacant.

A Phase One Environmental Site Assessment (ESA), was undertaken in 2017 to determine if there were potential sources of contamination on the site that could result in Area(s) of Potential Environmental Concern (APEC). The Phase One ESA revealed that historical activities had the potential to be of environmental concern stemming from the site’s former use as a vehicle repair business, the potential importation of fill of unknown quality and historical storage and handling of gasoline and associated products including the presence of an associated Underground Storage Tank (UST).

A Phase Two ESA was undertaken in 2018 which was informed by the collection of soil samples and groundwater monitoring on the site. The results confirmed the presence of Contaminants of Concern (COC) as petroleum hydrocarbons (PHCs) in the soil and Ethylbenzene and Dichloroethane in the groundwater.

The grant application is for \$91,681 in eligible costs associated with environmental site remediation and additional environmental study costs. The proposed redevelopment of the site, for which conditional Site Plan approval has been granted, is for a two-storey commercial/office building and 166 residential townhouses.

Project construction costs are estimated at approximately \$40 M. It is estimated that the proposed redevelopment will increase the property assessment from the pre-development value of \$128,972 (\$54,086 RT - Residential and \$74,886 FT - Farm) to approximately \$57,939,000 (\$56,901,000 RT - Residential and \$1,038,000 XT - Commercial, New Construction). This will increase total annual property taxes generated by this site from \$725 to \$639,247, an increase of approximately \$638,522. The municipal portion of this increase is \$536,337 of which 80%, representing the maximum potential annual grant, would be approximately \$429,070. However, based

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on the actual eligible remediation costs incurred, the maximum grant will not exceed \$91,681 resulting in a single annual payment.

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



Existing Conditions – 3311 Homestead Drive, Mount Hope (Source: maps.google.ca)



Planned Redevelopment – 3311 Homestead Drive, Mount Hope (Source: Sonoma Homes)

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Alternatives for Consideration – See Page 7

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 \$91,681. Based on an estimated maximum potential annual grant amount of \$429,070, the annual grant payment will conclude in year one with an estimated total grant of \$91,681. The City will realize the full tax increment after year one.

The City will retain \$337,389 of the annual municipal tax increment during the grant period. These monies, to a maximum of 20% of the total grant to be provided to the applicant, estimated to total \$18,336 over one year, will be deposited into the Brownfield Pilot Project Account – Project 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 grant payments under the ERG Program are processed by existing staff in the Economic Development and Taxation Divisions. There are no additional staffing requirements.

Legal: The ERG Program is authorized by the ERASE CIP which was adopted and approved in 2001 with subsequent comprehensive reviews of the original plan undertaken 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

3311 Homestead Drive (“the site”) is located in a predominantly residential area of Mount Hope with some limited commercial uses adjacent to the site. The site is approximately 2.71 ha (6.7 ac) and located between Airport Road West to the north, Upper James Street to the east and south and Homestead Drive to the west. The site begins approximately 100 m southwest of the intersection of Airport Road and Upper James Street. The site has some limited frontage/access to Homestead Drive and Airport Road West while the majority of the site is located behind the existing

residential/commercial properties on the aforementioned streets. The site is bounded by single detached dwellings and various commercial uses to the north and west and by an existing golf course across Upper James Street to the east and south.

The site currently contains two vacant single detached dwellings with one located fronting on Airport Road West in the northern portion of the site and the other in the southern portion of the site fronting on Homestead Drive. The southern portion of the site was also the location of a former vehicle mechanic with associated accessory buildings which are also currently vacant.

A Phase One Environmental Site Assessment (ESA) was undertaken in 2017, the results of which identified three on-site and one off-site Area of Potential Environmental Concern (APEC). The three on-site sources of potential environmental concern were:

- The site's former use as a vehicle repair business;
- The potential for importation of fill materials to the site of unknown quality in the northern portion of the property; and,
- Historical storage and handling of gasoline and associated products including the presence of an associated Underground Storage Tank (UST).

The single off-site APEC originates from the historical storage and handling of gasoline and associated products in underground storage tanks on a property located immediately adjacent to the western property line of the site.

A Phase Two ESA was undertaken in 2018 and included the drilling of 11 boreholes, seven of which were completed as groundwater monitoring wells. The results confirmed the presence of contamination in some limited areas of the property and identified the Contaminants of Concern (COC) as petroleum hydrocarbons (PHCs) in the soil and Ethylbenzene and Dichloroethane in the groundwater. The COC's identified were concentrated in the extreme southern portion of the property in the vicinity of the UST. The COC's exceeded the Ministry of Environment, Conservation and Parks ("the Ministry") Table 2 Site Condition Standards (SCS) for residential/parkland/institutional land uses in a potable groundwater condition in accordance with Ontario Regulation 153/04.

The Phase Two ESA was prepared for the purposes of a Record of Site Condition (RSC) filing in accordance with the Ministry's Ontario Regulation 153/04. The sites planned use as residential combined with the presence of contamination above the applicable SCS will result in the applicant filing a RSC with the Ministry upon completion of the remediation.

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A Remedial Action Plan (RAP) was prepared in 2018 to develop a plan for the remediation of the site consisting of:

- The decommissioning and removal of the existing UST;
- The removal and appropriate disposal of approximately 1,200 m³ of contaminated soil/fill; and,
- The removal of impacted groundwater in a volume of between 300 and 500 m².

Urban Hamilton Official Plan

The site is identified as “Neighbourhoods” on Schedule “E” – Urban Structure and designated as “District Commercial” on Schedule “E-1” – Urban Land Use Designations of the Urban Hamilton Official Plan. This designation permits a range of commercial activities intended to serve the daily and weekly shopping needs of surrounding neighbourhoods as well as some limited residential activities.

Hamilton Zoning By-law No. 05-200

The subject property is zoned both “C6, Exception: 580” District Commercial Zone and “C5, Exception: 652, Holding: H102” Mixed Use Medium Density Zone. The planned 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 planned development has received conditional Site Plan approval.

RELEVANT CONSULTATION

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

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Potential estimated costs, as submitted by the applicant, 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:

- \$74,031 for the removal of an underground storage and associated disposal and backfill of contaminated soils; and,

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- \$17,650 for costs associated with the undertaking of a Phase Two ESA for which an ERASE Study Grant has not been provided.

In total, actual eligible costs are \$91,681. Invoicing and associated documentation for said 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 Eligible Costs (Maximum):	\$	91,681
Pre-project CVA: (RT – Commercial and FT – Farm)	\$	128,972 Year: 2019
Municipal Levy:	\$	608
Education Levy:	\$	<u>117</u>
Pre-project Property Taxes	\$	725
*Estimated Post-project CVA: (RT – Residential, XT – Commercial, New Construction)	\$	57,939,000
Total Estimated Ten-Year Grant (Maximum):	\$	91,681
**Estimated Municipal Levy:	\$	536.945
**Estimated Education Levy:	\$	<u>102,302</u>
**Estimated Post-project Property Taxes:	\$	639,247

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