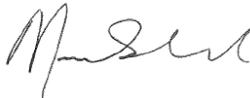




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	April 20, 2022
SUBJECT/REPORT NO:	Barton Kenilworth Tax Increment Grant Program - 110 Barton Street East, Hamilton (PED22089) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Carlo Gorni (905) 546-2424 Ext. 2755
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development
SIGNATURE:	

RECOMMENDATION

- (a) That a Barton Kenilworth Tax Increment Grant Program application submitted by Jose Alejandro Lopez, for the property at 110 Barton Street East, Hamilton, estimated at \$1,522.36 over a maximum of a nine-year period, and based upon the incremental tax increase attributable to the renovations of 110 Barton Street East, Hamilton, be authorized and approved in accordance with the terms and conditions of the Barton Kenilworth 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 give effect to the Hamilton Tax Increment Grant for Jose Alejandro Lopez for the property known as 110 Barton Street East, Hamilton, in a form satisfactory to the City Solicitor;
- (c) That the General Manager of the Planning and Economic Development Department be authorized and directed to administer the Grant and Grant Agreement including but not limited to: deciding on actions to take in respect of events of default and executing any Grant Amending Agreements, together with any ancillary amending documentation, if required, provided that the terms and conditions of the Barton Kenilworth Tax Increment Grant Program, as approved by City Council, are maintained.

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 Barton Kenilworth Tax Increment Grant Program (BKTIGP) application for the renovation of 110 Barton Street East, Hamilton, was submitted by Jose Alejandro Lopez. At the time of application, the property contained a single-family townhouse. Improvements to the building were carried out to create a second dwelling unit within the structure.

Development costs are estimated at \$51,754 and it is projected that the proposed redevelopment will increase the assessed value of the property from its current value of \$214,000 to approximately \$235,000. 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 \$217.48 of which 100% would be granted to the owner during years one to five, 80% or approximately \$173.98 in year six, 60% or approximately \$130.49 in year seven, 40% or approximately \$86.99 in year eight and 20% or approximately \$43.50 in year nine. The estimated total value of the Grant is approximately \$1,522.36. Note that every year the tax increment is based on actual taxes for that year.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The City will collect full property taxes on the property and, in turn, provide a Grant for nine years, declining each year after the first five years by 20%, based on the increase in the municipal portion of the taxes, post-development completion of 110 Barton Street East, Hamilton. Following year five 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 nine years totals \$1,957.32, of which the applicant would receive a Grant totalling approximately \$1,522.36 and the City retaining taxes totalling approximately \$434.96.

Staffing: Applicants and subsequent Grant payments under the BKTIGP are processed by the Commercial Districts and Small Business Section and Taxation Division. 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 BKTIGP are maintained.

HISTORICAL BACKGROUND

The Barton/Kenilworth Tax Increment Grant (BKTIG) Program was first established by City Council on May 11, 2016 through the approval of an amendment to the Downtown and Community Renewal Community Improvement Plan (2016). The BKTIG Program is currently established through the updated Revitalizing Hamilton's Commercial Districts Community Improvement Plan (RHCD CIP) which was approved by City Council on September 29, 2021 via By-law 21-164.

The BKTIG Program is intended to incentivize property owners located along the Barton Street East and Kenilworth Avenue North commercial corridors (including properties within the Barton Village Business Improvement Area) to develop, redevelop or otherwise improve properties and/or buildings in a manner that will support the broader revitalization of these districts as well as generate new municipal property tax revenue through increased property assessments. The exact geographic boundaries within which the BKTIG Program is available are defined through the associated Revitalizing Hamilton Community Improvement Project Area By-law (21-163).

The BKTIG Program Grant is to be in an amount which does not exceed 100% of the municipal realty tax increase during the first five years, 80% in year six, 60% in year seven, 40% in year eight, and 20% in year nine.

The project at 110 Barton Street East, Hamilton, is an eligible project under the terms of the BKTIGP. The applicant will qualify for the BKTIGP Grant upon completion of the renovations. At the time of application, renovation costs were estimated at \$51,754. The total estimated Grant over the nine-year period is approximately \$1,522.36.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The site is municipally known as 110 Barton Street East and is located within the “Neighbourhoods” structural element on Schedule E – Urban Structure and designated “Neighbourhoods” on Map E-1 – Urban Land Use Designations which is intended to support a full range of residential dwelling types and densities as well as supporting commercial uses that will serve local residents.

The existing use of the site conforms to the above designation.

Former City of Hamilton Zoning By-law No. 6593

Under the Former City of Hamilton Zoning By-Law No. 6593, the site is zoned “D/S-378 (Urban Protected Residential – One- and Two-Family Dwellings Etc.) which permits low-rise residential dwellings with no more than two dwelling units.

The use of the site for the purposes of containing two dwelling units is permitted via Committee of Adjustment decision HM/A-19:157.

RELEVANT CONSULTATION

Staff from the Finance and Administration Division, Corporate Services Department and the Legal Services Division, City Manager’s Office was consulted, and the advice received is incorporated into Report PED22089.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Commercial Districts and Small Business staff, in co-operation with staff from the Taxation and Legal Services Divisions, 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 nine-year period.

**SUBJECT: Barton Kenilworth Tax Increment Grant - 110 Barton Street East,
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The estimated Grant shall be calculated according to the following formulas:

Grant Level:		100%	
Total Eligible Costs (Maximum):	\$	51,754	
Pre-project CVA: RT (Residential)	\$	214,000	Year: 2020
Municipal Levy:	\$	2,216.21	
Education Levy:	\$	<u>327.42</u>	
Pre-project Property Taxes	\$	2,543.63	
*Estimated Post-project CVA: RT (Residential)	\$	235,000	Year: TBD
Post-Project Property Taxes			
**Estimated Municipal Levy:	\$	2,433.69	
**Estimated Education Levy:	\$	<u>359.55</u>	
**Estimated Post-Project Property Taxes:	\$	2,793.24	

*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.

Pre-project Municipal Taxes = Municipal Levy = \$2,216.21
Municipal Tax Increment = \$2,433.69 - \$2,216.21 = \$217.48
Payment in Year One = \$217.48 x 1.0 = \$217.48

**ESTIMATED GRANT PAYMENT SCHEDULE for 110 BARTON STREET EAST
(Subject to re-calculation each year and up to the total eligible costs)**

Year	Grant Factor	Tax Increment*	Grant
1	100%	\$217.48	\$217.48
2	100%	\$217.48	\$217.48
3	100%	\$217.48	\$217.48
4	100%	\$217.48	\$217.48
5	100%	\$217.48	\$217.48
6	80%	\$217.48	\$173.98
7	60%	\$217.48	\$130.49
8	40%	\$217.48	\$86.99
9	20%	\$217.48	\$43.50
Total		\$1,957.32	\$1,522.36

*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 BKTIGP and regeneration efforts in general. This alternative is not recommended.

Financial: Grants totalling \$1,522.36 over a nine-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 PED21089 – Location Map