





CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division
and
Tourism and Culture Division

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| TO: | Mayor and Members General Issues Committee |
| COMMITTEE DATE: | May 18, 2022 |
| SUBJECT/REPORT NO: | Proposal for the Adaptive Re-use of Balfour House/Chedoke Estate (PED19168(c)) (Ward 14) |
| WARD(S) AFFECTED: | Ward 14 |
| PREPARED BY: | David McCullagh (905) 546-2424 Ext. 1647 John Summers (905) 546-2424 Ext. 1747 |
| SUBMITTED BY: | Norm Schleeahn Director, Economic Development Planning and Economic Development Department |
| SIGNATURE: |  |
| SUBMITTED BY: | Carrie Brooks-Joiner Director, Tourism and Culture Planning and Economic Development Department |
| SIGNATURE: |  |

Discussion of this Confidential Appendix “B” to this report in closed session is subject to the following requirement(s) of the City of Hamilton’s Procedural By-law and the *Ontario Municipal Act, 2001*:

- A proposed or pending acquisition or disposition of land for City or a local board purpose.

RECOMMENDATION

- (a) That a Lease Agreement between City of Hamilton (Lessor) and The Cardus Institute (Lessee), for the subject property located as identified in Appendix “A” to Report PED19168(c) and based substantially on the terms and conditions outlined in Appendix “B” to Report PED19168(c), and such other terms and conditions deemed appropriate by the General Manager of Planning and Economic Development, be approved and entered into by the City of Hamilton;

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- (b) That the Tourism and Culture Division of the Planning and Economic Development Department be authorized to retain on a temporary basis or allocate existing City staff as a Project Manager, designated in such capacity to oversee the initial renovations to be undertaken by The Cardus Institute, and to off-set through Dept. ID Account No. 45408-792623 for such Project Manager costs to be invoiced and fully recovered from The Cardus Institute as Lessee against this expense;
- (c) That any other revenue proceeds that may come due and payable by The Cardus Institute, be received into Dept ID. Account No. 45408-792623;
- (d) That all costs related to the Lease Agreement, including the real estate and legal costs of \$41,375 plus applicable HST, be recovered from The Cardus Institute as Lessee and credited to Dept. ID Account No. 45408-812036;
- (e) That the General Manager, Planning and Economic Development Department or designate, acting on behalf of the City as Lessor, be authorized to administer the Lease Agreement and provide any requisite consents, approvals, and notices related to the Lease Agreement;
- (f) That the City Solicitor be authorized to amend and waive terms and conditions on such terms as considered reasonable to complete the leasing transaction, respecting the Lease Agreement with The Cardus Institute;
- (g) That the Mayor and City Clerk be authorized and directed to execute the Lease Agreement with The Cardus Institute or such other form and all other necessary associated documents with all such documents to be in a form satisfactory to the City Solicitor;
- (h) That Appendix "B" to Report PED19168(c) remain confidential and not be released until completion of this real estate leasing transaction and receipt of approvals by the Ontario Heritage Trust towards the work to be undertaken by The Cardus Institute for its adaptive re-use of the Balfour House/Chedoke Estate.

EXECUTIVE SUMMARY

Following direction given to staff, the City entered into a Memorandum of Understanding (MOU) with The Cardus Institute towards completing an Occupancy Agreement for the adaptive re-use of the Balfour House/Chedoke Estate incorporating the Criteria and Business Framework as was outlined in Appendix "B" to Report PED19168(b), and to report back to General Issues Committee.

This Report seeks approval to finalize and enter into an Occupancy Agreement in the form of a Lease Agreement that incorporates the Criteria and Business Framework

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outlined in Appendix “B” to Report PED19168(c) as negotiated by staff and executed by The Cardus Institute and that is consistent with the earlier direction approved by Council, the MOU and following final approval of the adaptive reuse project by the Ontario Heritage Trust.

Alternatives for Consideration - See Page 5

FINANCIAL - STAFFING - LEGAL IMPLICATIONS

Financial: Respecting the transaction as outlined in Appendix “B” to Report PED19168(c) attached;

That any other revenue proceeds that may come due and payable by The Cardus Institute as Lessee, be received into Dept. ID Account No.45408-792623.

That all costs related to the Lease Agreement, including the real estate and legal costs of \$41,375 plus applicable HST, be recovered from The Cardus Institute as Lessee and credited to Dept. ID Account No. 45408-812036.

Staffing: Costs associated to retain on a temporary basis or allocate existing City staff as a Project Manager, designated in such capacity to oversee the initial renovations to be undertaken by The Cardus Institute, and to off-set through Dept. ID Account No. 45408-792623 for such Project Manager costs to be invoiced and fully recovered from The Cardus Institute against this expense.

Legal: Legal Services will be required to assist in the preparation of the contemplated Lease Agreement and any necessary documents required to complete this leasing transaction.

HISTORICAL BACKGROUND

The Ontario Heritage Trust (OHT) is the owner of Balfour House/Chedoke Estate (Balfour Estate). The property includes significant heritage buildings, in-situ archaeological resources and a historic picturesque landscape. The City is responsible for stewardship and all capital and maintenance costs under a 1979 agreement (as extended) between the City and the OHT, and expires December 10, 2039.

Council on February 26, 2020, in approving General Issues Committee Report 20-007 Item 10.1, approved Report PED19168(a) - Proposal for the Adaptive Re-Use of Balfour House/Chedoke Estate, providing that, should The Cardus Institute be successful in obtaining, in writing, the support of the Ontario Heritage Trust (OHT) for their proposed adaptive re-use of the Balfour Estate, City staff was directed to negotiate a

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Memorandum of Understanding with The Cardus Institute towards completing an Occupancy Agreement for the adaptive re-use of the Balfour House/Chedoke Estate and report back to General Issues Committee.

Subsequently, Council on December 15, 2021, in approving General Issues Committee Report 21-027 Item 10.13, approved Report PED19168(b) - Proposal for the Adaptive Re-Use of Balfour House/Chedoke Estate approved entering into an MOU with The Cardus Institute and, incorporating the Criteria and Business Framework, as outlined in Appendix "B" to Report PED19168(b), and such other terms and conditions deemed appropriate by the General Manager of the Planning and Economic Development Department, to negotiate the terms of an Occupancy Agreement for their adaptive re-use of the Balfour House/Chedoke Estate.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

City Council, at its meeting of November 24, 2004, adopted the City's Portfolio Management Strategy Plan, which established a formalized process to be consistently applied across all areas of the City to guide the management of the City's real property.

RELEVANT CONSULTATION

External

- Ontario Heritage Trust

Internal

- Planning and Economic Development Department, Tourism and Culture Division and Economic Development Division
- Corporate Services Department, Legal and Risk Management Services Division

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The use, as outlined in Appendix "B" to Report PED19168(c), of the Balfour House/Chedoke Estate by The Cardus Institute remains consistent with the approved MOU being for office, meeting, retreat spaces and to include provisions to provide on-going public access to the Balfour House/Chedoke Estate property.

The term of the Lease Agreement is for the balance of the term of the City's agreement with the OHT (approximately 17 years). Given the unique nature of the Agreement, the net rent of approximately \$1.5 M over the term is being satisfied through a minimum guaranteed capital investment of The Cardus Institute into the restoration and on-going

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capital maintenance of the property.

The Agreement provides:

- (a) That the City and OHT will not be responsible for any Capital costs;
- (b) Capital obligations to be undertaken by The Cardus Institute include both initial renovations and minimum ongoing capital obligations throughout the term of the Lease Agreement;
- (c) The Agreement is fully net and carefree to the City and drafted to generate net positive revenues to the City, inclusive of any City costs associated with administering the Lease Agreement;
- (d) The adaptive re-use as permitted by this Lease Agreement, will not require any amendments to the City's applicable Zoning By-law or Official Plan;
- (e) All applicable municipal planning and building approvals are to be obtained and met in respect of this adaptive re-use. The Cardus Institute's building permit applications are to be based on prior approved plans and specifications and subject to the OHT and the Lessor's prior consent; and,
- (f) The Cardus Institute agrees to provide frequent opportunities for on-going free public access to tour the Balfour House/Chedoke Estate property. Public Access includes: 1) pedestrian access, during business days, about the property; and 2) tours of Balfour House during those dates and times as agreed upon from time to time. There shall be no charges levied by The Cardus Institute to the general public for public access, scheduled events and exhibits within Balfour House/Chedoke Estate.

ALTERNATIVES FOR CONSIDERATION

That, should the Recommendations of this Report PED19168(c) not be approved to proceed with a Lease Agreement towards The Cardus Institute's adaptive re-use of the Balfour Estate, or if that the Ontario Heritage Trust does not approve, the current Custodial Agreement with the Ontario Heritage Trust will be maintained and the Balfour Estate administered by the City.

ALIGNMENT TO THE 2016 - 2025 STRATEGIC PLAN

Economic Prosperity and Growth

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Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Culture and Diversity

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED19168(c) - Location and Key Map

Appendix "B" to Report PED19168(c) - Confidential - Major Terms and Conditions

DM/JS:jd