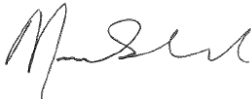




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 1, 2022
SUBJECT/REPORT NO:	Revitalizing Hamilton Tax Increment Grant - 16 West Avenue South (PED22115) (Ward 3)
WARD(S) AFFECTED:	Ward 3
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 Revitalizing Hamilton Tax Increment Grant Program (RHTIG) Application submitted by Crood Holdings Limited (Tal Dehtiar), for the property at 16 West Avenue South, Hamilton, estimated at \$92,619.68 over a maximum of a four (4) year period, and based upon the incremental tax increase attributable to the redevelopment of 16 West Avenue South, Hamilton, be authorized and approved in accordance with the terms and conditions of the RHTIG;
- (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 RHTIG for Crood Holdings Limited (Tal Dehtiar) for the property known as 16 West Avenue South, 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 RHTIG 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 RHTIG Application for the redevelopment of the property at 16 West Avenue South, Hamilton was submitted by Crood Holdings Limited (Tal Dehtiar), owner of the property. This address contains a house of worship. The proposed works will see the redevelopment of the building resulting in the creation of nineteen (19) rental residential units. This property is designated under Part IV of the *Ontario Heritage Act* by City of Hamilton By-law Number 92-239 as a property of Historic and Architectural Value and Interest.

Redevelopment costs are estimated at \$3,134,262 and it is projected that the proposed renovations will increase the assessed value of the property from its current value of \$288,000 to approximately \$4,080,000.

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 \$37,047.87 of which 100% would be granted to the owner during year one, 75% or approximately \$27,785.90 in year two, 50% or approximately \$18,523.94 in year three and 25% or approximately \$9,261.97 in year four. The estimated total value of the Grant is approximately \$92,619.68. 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 four (4) years, declining each year after the first year by 25%, based on the increase in the municipal portion of the taxes, post-redevelopment completion of 16 West Avenue South, Hamilton. Following year one 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 four (4) years totals \$148,191.48, of which the Applicant would receive a Grant totalling approximately \$92,619.68 and the City retaining taxes totalling approximately \$55,571.81.

Staffing: Applicants and subsequent Grant Payments under the RHTIG are processed by the Commercial Districts and Small Business Section and Taxation Section, Corporate Services Department. 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 the Legal Services Division.

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 HTIGP are maintained.

HISTORICAL BACKGROUND

City Council, at its meeting held on August 22, 2001, approved an amendment to the Downtown and Community Renewal Community Improvement Plan which introduced the Hamilton Tax Increment Grant Program. The RHTIG 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 by way of By-law No. 21-164.

The RHTIG is intended to incentivize property owners located in Downtown Hamilton, Community Downtowns, Business Improvement Areas, the Mount Hope/Airport Gateway, the corridors of Barton Street and Kenilworth Avenue as identified in the Revitalizing Hamilton's Commercial Districts Community Improvement Project Area and to properties designated under Part IV or V of the *Ontario Heritage Act* 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 RHTIG is available are defined through the associated Revitalizing Hamilton Community Improvement Project Area By-law No. 21-163.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The subject site is municipally known as 16 West Avenue South and is located within the “Downtown Urban Growth Centre” on Schedule “E” – Urban Structure.

The site is located within the Downtown Hamilton Secondary Plan area (OPA 102) and designated “Downtown Mixed Use” on Map B.6.1-1 – Downtown Hamilton Secondary Plan – Land Use Plan which is intended to maintain the governmental, institutional, educational, cultural, and residential centre of Downtown Hamilton and to support intensive, urban-scale mixed use developments.

The planned use of the site and existing building conforms to the designation.

Zoning By-law No. 05-200

The subject site is zoned “Downtown Central Business District (D1) Zone” which is intended to support a wide variety and mix of uses in both stand-alone and mixed-use buildings.

The planned use of the site and existing building is permitted.

RELEVANT CONSULTATION

Staff from the Taxation Section and the Finance and Administration Section, Corporate Services Department and the Legal Services Division, Corporate Services Department was consulted, and the advice received is incorporated into Report PED22115.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Commercial Districts and Small Business staff, in co-operation with staff from the Taxation Section and Legal Services Division, 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 four (4) year period.

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The estimated Grant shall be calculated according to the following formulas:

Grant Level:	100%	
Total Eligible Costs (Maximum):	\$3,134,262	
Total Pre-project CVA:		Year: 2021
CT (Commercial)	\$288,000	
Pre-Project Property Taxes		
Municipal Levy:	\$6,019.26	
Education Levy:	<u>\$2,534.40</u>	
Pre-project Property Taxes	\$8,553.66	
*Post-project CVA:		
NT (New Multi-Residential)	\$4,080,000	Year: TBD
Estimated Post-project CVA		
Post-Project Property Taxes		
** Estimated Municipal Levy:	\$43,067.13	
** Estimated Education Levy:	<u>\$ 6,242.40</u>	
** Estimated Post-Project Property Taxes:	\$49,309.53	

*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).

**2021 tax rates have been used for calculation of the estimated post-development property taxes.

Pre-project Municipal Taxes = Municipal Levy = \$6,019.26
Municipal Tax Increment = \$43,067.13 - \$6,019.26 = \$37,047.87
Payment in Year One = \$37,047.87 x 1.0 = \$37,047.87

ESTIMATED GRANT PAYMENT SCHEDULE for redevelopment of a house of worship into a multi residential building containing 19 residential rental units.

Year	Grant Factor	Tax Increment*	Grant
1	100%	\$37,047.87	\$37,047.87
2	75%	\$37,047.87	\$27,785.90
3	50%	\$37,047.87	\$18,523.94
4	25%	\$37,047.87	\$9,261.97
Total		\$148,191.48	\$92,619.68

*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.

Details of the proposed renovation and its estimated assessment and municipal tax increments are based on the project as approved, or conditionally approved, at the time of writing this report. Any minor changes to the planned renovation that occur prior to the final MPAC reassessment of the property may result in an increase/decrease in the actual municipal tax increment generated and will be reflected in the final Grant amount.

ALTERNATIVES FOR CONSIDERATION

Declining a Grant and/or approving a reduced amount would undermine the principles of the RHTIG and regeneration efforts in general. This alternative is not recommended.

Financial: Grants totalling \$92,619.68 over a four (4) 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 PED22115 – Location Map