



Concierge Group

June 21, 2022

To Hamilton City Council,



101-1001 Champlain Ave
Burlington, ON, CANADA



1 (877) – 912 – 0612



info@conciergestrategies.com



Conciergestrategies.com
Conciergecapitalpartners.com
www.ReCastProperties.com

Re: Development Charge Demolition Credit ("DC") Extension
Request for Hamilton Central Business Park, 440 Victoria Avenue,
Hamilton ("HCBP")

Thank you for considering the application for an extension for the DCs for the HCBP. We very much appreciated the opportunity to delegate at the Audit, Finance and Administration Committee meeting of June 16. We received feedback from that meeting, which we must consider. This includes certain information that we believe may be inaccurate and/or incomplete, which may well result in a decision being made based on faulty information. In our view, that would be detrimental to the City, Council and us.



We request that this matter be deferred to the next Council meeting so we can have an opportunity to provide Council with information that we believe is necessary and important to allow Council to properly assess this for Council to make a decision based on good process. We only learned on June 19 that this matter was going to Council on June 22, and we hope you will grant our request for a brief deferral for this matter that is important for the City and many stakeholders.

If this must proceed today, which we hope is not the case, we have tried to put together some information that would assist Council, but again, we are unable to provide all of the information needed for this decision.

It appears the City has 3 principal concerns: financial impacts to the City if the credits are extended; setting a precedent that will be concerning for the City; and why there were delays with this development.

Very briefly, this is a very significant brownfield development for Hamilton. It is extremely difficult to advance a massive brownfield site, which had decades of heavy industrial use. It is critically important for Hamilton to be able to have such sites redeveloped, which is a legacy that we hope Council will continue to create, support and embrace. Demolition credits are a critical part of such a large, complicated brownfield project. The owner has been working diligently to develop the property, which has required the expenditure of extraordinary resources (time and money), including



in the face of a global pandemic that set the project back two years.

1. Yes, there are financial impacts related to the credits, and the City has foregone tax revenue for vacant property. However, it is important to note that the owner suffered much more extensive financial impacts. It spent millions of dollars to complete environmental work, which is so critical for a brownfield site. The owner did all of the right things to ensure the environment, including people, were protected. In 2017, the City agreed to extend the expiry of the credits because of the "complex, innovative program for brownfield development; the development team has worked in a timely manner; site servicing was completed; and this is a "complex brownfield site" [this is from the Committee's report to Council]. The Committee report also noted the site required extensive remediation, for which the City was provided security.

Further, the property taxes increased very significantly as of 2019, when they went from \$80,401 in 2018 to \$312,664 in 2019. The owner could have appealed the tax increases, but again, took the high road and did not. It believed that working with the City, including taking into account the demo credits, was a better approach that set the right precedent. We hope the adage "no good deed goes unpunished" is not the case here. The owner believed, and believes, in the City, the importance of brownfield developments and fairness, and requests that the City consider all of the circumstances in order to grant an extension of two years.



2. Would this set a bad precedent? In our view, just the opposite. First, this is a very narrow situation that will unlikely be replicated. One of, if not the most, extensive, difficult brownfield development, with massive environmental issues that were managed with the highest regard for protection and safety, increased taxes that were not appealed, and then a global pandemic. If someone were to face this situation in the future, we trust the City would look at the circumstances and grant an appropriate extension. Clearly the City has the power to do so. And we believe that this is a situation where the City can and should use its power to demonstrate its support of, and encouragement for, critical brownfield developments in Hamilton. In our view, the City's willingness to consider each case and assess the merits of an extension, based on the circumstances, is the critical precedent that is so important for all stakeholders, including developers, to see. This is truly about the bigger picture for Hamilton, and in our view, the precedent arising from the extension here would provide short and long term benefits to the City and its residents. In our view, that is a legacy that we hope Council will embrace.

3. In terms of delay, yes, we agree that the City needs to have certainty about development, and needs to incentivize developers to move quickly. In our view, one needs to consider what delayed a project. If it was just a developer who was prepared to let property sit vacant, while it waited for opportunities, then no extension should be granted, in our view. That is not the case here. As noted by the City, as of 2017, "the development team [had] worked in a timely manner". That required very significant resources for



environmental remediation and site planning. In addition to massive expenditures, extraordinary time was needed to address environmental issues. For example, the owner needed to wait (in order to do this the right way) for chimney swifts (birds) to leave their nests, to prevent harm to them. The historical uses of the property left behind very significant environmental challenges, which has resulted in spending millions of dollars over many years. Further, when the property was ready to be sold for development, which was not possible until it was remediated, unfortunately, potential buyers who signed deals, and then cancelled, were not prepared to proceed in light of permitting issues (timing), which was then followed by the onset of the Covid pandemic. The pandemic alone cost the project almost 2 years.

Given the size of the brownfield development; the complexity of the property; the massive remediation that had to be completed for such a complex site with intensive industrial uses; and COVID and lockdowns, in our respectful submission, an extension of two years for the demolition credits would be in the best interests of the City and all stakeholders. Also, it is important to note that the properties are being developed by an exceptional developer, Harlo, which is actively working to develop the property and get building permits as soon as reasonably feasible. Harlo's June 10, 2022 letter confirming this is attached. As an aside, in light of the significant complexities related to the property, including environmental issues, it took approximately 9 months of negotiations and due diligence by Harlo for it to buy the property.



In our view, in short, granting a short extension of two years would establish an excellent precedent: if you have a complex brownfield site that requires extensive remediation, if you proceed diligently with servicing and sales, and if you run into a global pandemic that shuts everything down, and if you have a reputable developer who has firm plans, Hamilton will stand behind development and show flexibility, which it is permitted to do, to support development in the best interests of the City, its residents and businesses. These are important messages for developers looking to improve Hamilton.

To summarize, we are requesting a deferral of this matter to ensure that certain information presented to Audit Finance and Administration Committee that we believe may be inaccurate, incomplete, and as such, we request that this matter be deferred to the next Council meeting so we can have an opportunity to provide Council with information that we believe is necessary and important to allow Council to properly assess this in order to make its decision.

Gratefully Yours,

Alex Bishop

On behalf of Harlo Capital and DCR Holdings Inc.





Friday, June 10, 2022

Attention: Audit, Finance and Administration Committee

Re: 440 Victoria Avenue North, Hamilton (the "Hamilton Central Business Park")

Dear Committee Members:

Thank you for considering the extension for demolition credits for this development.

Harlo Capital is actively developing several projects in the Hamilton area, including Hamilton City Centre and 1107 Main Street. We are excited about the opportunity of playing a small part in the larger vision of Hamilton continuing to grow into one of Canada's greatest cities. We take a thoughtful approach to each of our developments, considering what the city requires and what will have the greatest long-term positive impact on each unique neighborhood. From a personal perspective, Hamilton welcomed my grandfather as an immigrant in the 1940s and was home for my mother and her sisters. I have many memories of visiting my grandparents in Hamilton as a child.

The Hamilton Central Business Park is a very important project for Hamilton, the local area, and our company. This is one of the largest, if not the largest, brownfield developments, which will showcase Hamilton's future and incentivize future development. That is very exciting for the City, and for us.

After purchasing the properties in January 2022, we moved quickly to develop this important project. We are in the process of phasing the Site Plan Applications, which include applications that have been submitted to the City in April and May, with others to be submitted in June, July and August. We will continue to advance the applications and obtain building permits as quickly as possible, working with the City. Our goal, which we believe is achievable, is to have applications and permits completed in 2024.

If you require any other information or have any questions, please feel free to contact me.

Sincerely,

Jeffrey Kimel
President and CEO

Harlo Capital
2 St. Clair Ave. E., Suite 1204
Toronto, Ontario M4T 2T5
Tel: (416) 551-7115