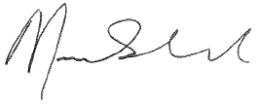




**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	May 4, 2022
<b>SUBJECT/REPORT NO:</b>	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 870 Queenston Road, Stoney Creek ERG-21-04 (PED22077) (Ward 5)
<b>WARD(S) AFFECTED:</b>	Ward 5
<b>PREPARED BY:</b>	Phil Caldwell (905) 546-2424 Ext. 2359
<b>SUBMITTED BY:</b>	Norm Schleeahn Director, Economic Development, Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-21-04, submitted by Queenston Road Holdings Inc. (New Horizon Development Group), owner of the property at 870 Queenston Road, Stoney Creek, for an ERASE Redevelopment Grant not to exceed \$3,841,980, toward estimated eligible remediation costs provided over a maximum of ten years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Agreement;
- (b) That the General Manager of Planning and Economic Development Department be authorized and directed to execute the Environmental Remediation and Site Enhancement (ERASE) Redevelopment Agreement together with any ancillary documentation required, to give effect to the ERASE Redevelopment Grant for Queenston Road Holdings Inc. (New Horizon Development Group), owner of the property at 870 Queenston Road, Stoney Creek in a form satisfactory to the City Solicitor;

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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.

- (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 Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant, as approved by City Council, are maintained.

## **EXECUTIVE SUMMARY**

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant (ERG) application was submitted for 870 Queenston Road, Stoney Creek (the “site”) on December 1, 2021, by Queenston Road Holdings Inc. (New Horizon Development Group), the owner of the site.

The Site is approximately 0.91 ha (2.41 ac) in size and located on the southside of Queenston Road approximately 20 m from the intersection of Queenston Road and Riverdale Drive in Stoney Creek. The site is currently vacant and undeveloped and was approved for a severance from the existing commercial plaza and office building to the west by the Committee of Adjustment in 2020.

A Phase Two Environmental Site Assessment (ESA) completed in 2020 to investigate the site’s soil and groundwater conditions identified the presence of contaminants at levels above the applicable Ministry of Environment, Conservation and Parks (the Ministry) Site Condition Standards (SCS). Identified Contaminates of Concern (COC) included chromium, lead, zinc and petroleum hydrocarbons (PHCs) in the soil and the presence of PHCs in the site’s groundwater.

For the purposes of Ontario Regulation 153/04 (O. Reg. 153/04), the site’s current land use is considered to be parkland and as such the planned change of use to residential is not considered a change to a more sensitive land use. As such, a regulatory requirement to file a Record of Site Condition (RSC) is not triggered despite the presence of contamination. Notwithstanding this, the Applicant has elected to remediate the site and will file an RSC as part of the planned development in order to restore the natural environment, facilitate project financing and fulfil requirements for eligibility under the ERG program.

The planned development, for which Site Plan approval has been granted, consists of a 14-storey building containing 218 rental dwelling units and three levels of underground parking. In accordance with Minutes of Settlement agreed to between the City and the Applicant in 2018 in response to a Local Planning Appeal Tribunal (LPAT) appeal filed regarding this development (File No. PL170282), 20% of units provided will be

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affordable for a minimum of 10 years (with affordability to be in accordance with the applicable Urban Hamilton Official Plan definition). Construction costs are estimated at approximately \$71,850,000.

The ERG application submitted is for \$6,715,000 in estimated remediation costs. At this time, staff are recommending a maximum Grant approval of \$3,841,980 which represents the estimated maximum Grant that could be achieved over the maximum ten annual Grant payments permitted under the ERG Program based on current estimates of the assessment and municipal tax increment uplift for the development.

It is currently estimated that the proposed development will increase the property assessment from the pre-development value of \$1,618,000 (CT-Commercial) to approximately \$53,592,000 (RT-New Multi Residential). This will increase total annual property taxes generated by this site from \$44,772 to \$592,776, an increase of approximately \$548,004. The municipal portion of this increase is \$480,247 of which 80%, representing the maximum potential annual Grant permitted under the ERG Program, would be approximately \$384,198 with the maximum Grant not exceeding \$3,841,980 over ten annual payments.

The existing condition of the site as well as renderings of the planned development are provided below:



Existing Conditions – 870 Queenston Road, Stoney Creek viewed southwest from Queenston Road (Source: maps.google.ca)



Planned Development – 870 Queenston Road, Stoney Creek aerial view looking southeast (Source: New Horizon Development Group)

**Alternatives for Consideration – See Page 9**

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** As per the 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 \$3,841,980. Based on an estimated maximum potential annual Grant amount of \$384,198, the annual Grant payments will conclude in year ten. The City will realize the full municipal tax increment after year ten.

The City will retain the remaining 20% of the annual municipal tax increment estimated at \$96,049, and estimated to total \$960,494 over ten years, will be deposited into the Brownfield Pilot Project Account 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), enables the City to acquire strategic brownfield sites, remediate and redevelop property it already owns, or participate in public/private partnerships to redevelop brownfield properties.

**Staffing:** Applications and Grant payments under the ERG Program are administered by staff from the Commercial Districts and Small Business

Section, Economic Development Division and Taxation Section of the Finance and Administration Division.

There are no additional staffing requirements.

Legal: The ERG Program is authorized by the ERASE CIP which was adopted and approved in 2001 and subsequently comprehensively updated 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**

The Site is approximately 0.91 ha (2.41 ac) in size and located on the southside of Queenston Road in the Battlefield neighbourhood of Stoney Creek. The immediate area is primarily characterized by single storey commercial uses and low, mid and high-rise residential buildings to the west and north respectively as well as a significant embankment and Little League Park (including the Stoney Creek Optimist Community Centre and Stoney Creek Tennis Club) to the east and south. The site is located approximately 20 m from the intersection of Queenston Road and Riverdale Drive. The site is currently vacant and undeveloped and was approved for a severance from the existing commercial plaza and office building to the west (municipally known as 840 and 860 Queenston Road, Stoney Creek) by the Committee of Adjustment in 2020.

As part of the investigation of the environmental condition of the site, a Phase One ESA was completed by Landtek Limited in March 2020 to investigate historical land use activities and the potential presence of contaminants. The results of the Phase One ESA identified a single on-site Area of Potential Environmental Concern (APEC) regarding historical importation of fill of an unknown quality which necessitated further investigation.

A Phase Two ESA was completed by Landtek Limited in May 2020 to further investigate the site's current soil and groundwater conditions and to further delineate the extent of soil and groundwater contamination in response to the findings of the Phase One ESA. This investigation was informed by testing from eight boreholes, nine test pits and four groundwater monitoring wells. In accordance with the Ministry's O. Reg. 153/04, the results confirmed the presence of chromium, lead, zinc and PHCs in the soil and the presence of PHCs in the groundwater in concentrations that exceeded the Tables 3 and 9, Generic Full Depth SCS in a Non-Potable Groundwater Condition for Residential/Parkland/Institutional land uses which was deemed to be applicable for the site by the Applicant's QP.

For the purposes of O. Reg. 153/04, the site's current land use is considered to be parkland and as such the planned change of use to residential is not considered a change to a more sensitive land use. As a result, a regulatory requirement to file an RSC is not triggered despite the presence of contamination above the applicable SCS. Notwithstanding this, the Applicant has elected to remediate the site and will file an RSC as part of the planned development in order to restore the natural environment, facilitate project financing and fulfil requirements for eligibility under the ERG program.

A RAP prepared in March 2022 by Landtek Limited outlined the planned remediation method for achieving the applicable SCS for the site which will primarily consist of the removal and disposal of contaminated fill at a licensed landfill facility.

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The applicable Official Plan designation and Zoning Regulations for the Site identified below were approved by the former LPAT in 2018 in response to a settlement between the City and Applicant (File No. PL170282).

#### **Urban Hamilton Official Plan**

The Site is designated as a "Secondary Corridor" on Schedule "E" – Urban Structure and as "Neighbourhoods" on Schedule "E-1" – Urban Land Use Designations of the Urban Hamilton Official Plan. This designation is intended to accommodate a full range of residential dwelling types and densities to which the planned development complies.

Former City of Stoney Creek Zoning By-law No. 3692-92/City of Hamilton Zoning By-law 05-200

The western portion of the Site is zoned a Site-Specific Multiple Residential "RM5-11" Zone under the Former City of Stoney Creek Zoning By-law No. 3692-92 while the naturalized eastern portion of the site is zoned Conservation/Hazard Lands (P5) Zone under City of Hamilton Zoning By-law 05-200.

The planned use of the site is permitted.

#### **Site Plan Control**

The site is subject to Site Plan Control. The planned development has received Site Plan approval.

## **RELEVANT CONSULTATION**

Staff from the Taxation Section of the Finance and Administration Division and the Legal Services Division of the Corporate Services Department were consulted, and the advice received incorporated in 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 3 – Urban Area of the ERASE Community Improvement Project Area (CIPA) include the following:

- \$2,832,000 in costs for the excavation, transportation and disposal of approximately 24,000 m<sup>3</sup> of contaminated soil at a licensed facility from the building area;
- \$3,422,000 in costs for the excavation, transportation and disposal of approximately 29,000 m<sup>3</sup> of contaminated soil at a licensed facility from the slope area;
- \$100,000 in environmental testing/management and consulting costs;
- \$100,000 in contingency for groundwater handling/treatment; and,
- \$261,000 in costs for the backfill/replacement of the slope area.

In total, these estimated costs total \$6,715,000. However, at this time, staff are recommending a maximum Grant approval of \$3,841,980 representing the estimated maximum Grant that could be achieved over the maximum ten annual Grant payments permitted under the ERG Program based on estimates of the assessment and municipal tax increment uplift anticipated from the development. Should the actual assessment and municipal tax increment uplift generated after project completion be greater than that currently estimated, and provided actual eligible remediation costs are determined by staff to be greater than \$3,841,980 at the conclusion of a staff led audit, staff will review the potential for a future supplemental report to recommend an increase in the maximum Grant for City Council consideration based on the actual assessment and municipal tax increment uplift.

It should be noted that should all or a part of the above estimated costs be determined by staff to have been required for the development regardless of the presence of contamination, those costs will not be eligible under the ERG program to ensure compliance with the City Council approved parameters of the ERG program. This determination will be made by staff during the required audit of invoices and associated

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documentation at the conclusion of site remediation and subject to any third-party review which may be required to be undertaken.

The following is an overview of pre and post development property assessments and associated taxes which have informed the estimated potential Grant and Grant payment period contained in this report:

Grant Level:		80%
Total Estimated Eligible Costs (Maximum):	\$	6,715,000
Total Estimated Grant (Maximum):	\$	3,841,980
Pre-project CVA (CT - Commercial):	\$	1,615,000 Year: 2021
Municipal Levy:	\$	30,534
Education Levy:	\$	<u>14,238</u>
Pre-project Property Taxes	\$	44,772
Estimated Post-project CVA (RT – New Multi Residential):	\$	53,592,000 Year: TBD
Estimated Municipal Levy:	\$	510,781
Estimated Education Levy:	\$	<u>81,996</u>
Estimated Post-project Property Taxes:	\$	592,777

Notes:

- 1) 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) upon completion of the development;
- 2) As per Program requirement, the increase in realty taxes is based on the year in which the tax estimate was requested;
- 3) 2021 tax rates have been used for calculation of the estimated post-development property taxes;
- 4) Annual Taxes exclude any Local Charges;
- 5) Post development assessment estimate provided by MPAC;
- 6) Predevelopment property tax estimate is only for the portion of land (2.41 acres) subject to development. Assessment value for the land portion to be confirmed after severance is completed; and,
- 7) All dollar figures rounded to the nearest dollar.



## **ALTERNATIVES FOR CONSIDERATION**

The ERG 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” to Report PED22077 – Location Map