



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	July 4, 2022
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application, 415 Main Street West, Hamilton ERG-21-05 (PED22136) (Ward 1)
WARD(S) AFFECTED:	Ward 1
PREPARED BY:	Phil Caldwell (905) 546-2424 Ext. 2359
SUBMITTED BY:	Norm Schleeahn Director, Economic Development, Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-21-05, submitted by Main 415 Inc. (Morteza Vossough and Shahram Heidari), owner of the property at 415 Main Street West, Hamilton for an ERASE Redevelopment Grant not to exceed \$239,325, for 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 the 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 Main 415 Inc. (Morteza Vossough and Shahram Heidari), owner of the property at 415 Main Street West, 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

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

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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 and that any applicable Grant Amending Agreements are undertaken in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant (ERG) Application was submitted for 415 Main Street West, Hamilton (the site) on December 21, 2021, by Main 415 Inc. (Morteza Vossough and Shahram Heidari), the owner of the site.

The Site is approximately 0.17 ha (0.43 ac) in size and located on the southside of Main Street West in the Kirkendall North neighbourhood of central Hamilton. Most recently the site contained a vacant building (since demolished) which was previously the location of a fast-food restaurant. Historically, the site has been used for various auto-oriented uses which included vehicle repair and servicing and gasoline/oil storage among other activities.

Phase Two Environmental Site Assessments (ESA) completed in 2019 and 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) including Metals (Cadmium and Zinc) in the central portion of the Site and Electrical Conductivity (EC) and Sodium Absorption Ratio (SAR) in the soil throughout the entire site

Based on the site's condition and planned redevelopment for a residential use, site remediation to meet the applicable SCS and the filing of a Record of Site Condition (RSC) with the Ministry will be required in accordance with Ontario Regulation 153/04 (O. Reg. 153/04).

The planned redevelopment of the site, for which Site Plan approval has been granted, consists of a seven-storey condominium building containing 108 dwelling units and one level of underground parking. Construction costs are estimated at approximately \$25,000,000.

Anticipated remediation costs eligible for consideration under the ERG program are estimated at \$239,325.

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It is estimated that the planned redevelopment will increase the property assessment from the pre-development value of \$1,465,000 (CT-Commercial) to approximately \$20,310,000 (RT-Residential). This will increase total annual property taxes generated by this site from \$43,511 to \$245,460, an increase of approximately \$201,949. The municipal portion of this increase is \$183,767 of which 80%, representing the maximum potential annual Grant permitted under the ERG Program, would be approximately \$147,013. With a maximum Grant not exceeding \$239,325, it is estimated that the Grant will be provided over two annual payments.

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



Existing Conditions – 415 Main Street West, Hamilton viewed looking southwest
(Source: maps.google.ca)



Planned Development – 415 Main Street West, Hamilton viewed looking southwest
(Source: Main 415 Inc.)

Alternatives for Consideration – See Page 8

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 \$239,325. Based on an estimated maximum potential annual Grant amount of \$147,013, the annual Grant payments will conclude in year two after which the City will realize the full municipal tax increment from the development.

The City will retain the remaining 20% of the annual municipal tax increment estimated at \$36,753, to a maximum of 20% of the total actual Grant to be provided, estimated to total \$47,865 over two years. These funds will be deposited into the Brownfield Pilot Project Account No. 3621755102 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.

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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 arising from this Report's recommendations.

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 Applicant will be required to enter into an ERASE Redevelopment Agreement which 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 0.17 ha (0.43 ac) in size and located on the southside of Main Street West in the Kirkendall North neighbourhood of central Hamilton. The immediate area is primarily characterized by low-rise commercial and mixed-use residential buildings fronting on Main Street West to the north, east and west of the site and low-rise residential buildings immediately to the south. The site is located approximately 130 m from the intersection of Main Street West and Dundurn Street South.

Most recently the site contained a vacant building (since demolished) which was previously occupied by a fast-food restaurant. Historically, the site has been used for various auto-oriented uses which included vehicle repair and servicing and gasoline/oil storage among other activities.

As part of the investigation of the environmental condition of the site, a Phase One ESA was completed by EXP Services Inc. in August 2019 to investigate historical land use activities and the potential for Contaminates of Concern (COC) on the site. The results of the study identified eight on-site and one off-site Area of Potential Environmental Concern (APEC). The on-site APECs were primarily related to historical storage and use of gasoline/oil and associated products and vehicle repair activities. The singular off-site APEC was with respect to historical crude oil refining, processing and storage activities southwest of the site.

A subsequent interim Phase Two ESA and supplementary Phase Two ESA were also completed by EXP Services Inc. in August 2019 and December 2020 respectively 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. These studies were overseen by a Qualified Person (QP) and informed by advancing a total of 11 boreholes and nine groundwater monitoring wells on the site. The results confirmed the presence of Metals (Cadmium and Zinc) in the central portion of the Site and Electrical Conductivity (EC) and Sodium Absorption Ratio (SAR) in the soil throughout the entire site at concentrations that exceed the Table 3 Full Depth Generic Site Condition Standards (SCS) for site's in a non-potable ground water condition which are planned for a residential/parkland/institutional land use in accordance with the Ministry's O. Reg. 153/04.

Based on the site's condition and planned redevelopment for a residential use, site remediation to meet the applicable SCS and the filing of a RSC with the Ministry will be required in accordance with O. Reg. 153/04. A Modified Generic Risk Assessment (MGRA) approach will be utilized given the proposed developments use of an underground parking garage which will support risk mitigation measures on the site.

A Remedial Action Plan (RAP) was prepared in March 2022 by EXP Services Inc. to outline the planned remediation method cost estimates. The primary remediation activities for the site will consist of the removal and disposal of impacted soils at a licensed landfill facility.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The site is identified as a "Primary Corridor" on Schedule "E" – Urban Structure and designated as Mixed Use – Medium Density on Schedule "E-1" – Urban Land Use Designations of the Urban Hamilton Official Plan. This designation is intended to accommodate a full range of retail, service commercial, entertainment, and residential uses at a moderate scale.

The planned development conforms to these designations.

City of Hamilton Zoning By-law 05-200

The site is zoned C5 - Exception 298 Mixed Use Medium Density Zone under City of Hamilton Zoning By-law 05-200. The C5 zone permits a range of commercial and residential uses along collector and arterial roads. The special exception applicable to the site limits the range of commercial and residential uses permitted.

The planned development 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)

Estimated remediation costs, as submitted by the Applicant, which may be eligible under the ERG Program based on the site's location within Area 4 – Downtown Hamilton CIPA of the ERASE Community Improvement Project Area (CIPA), total \$239,325 and includes the following:

- \$151,800 in costs for the disposal of approximately 12,650 metric tonnes of salt impacted soil at a licensed facility;
- \$47,500 in costs for the disposal of approximately 950 metric tonnes of metal impacted soil at a licensed facility;
- \$30,025 in remaining costs for Phase Two ESA and MGRA studies not reimbursed through ERASE Study Grant Applications ESG-20-19 and ESG-20-20; and,
- \$10,000 in environmental remediation testing/management and consulting costs.

Invoices and supporting documentation for the above noted costs shall be required to be submitted to staff and will be the subject of an audit to ensure compliance with the Council approved parameters including ensuring that any invoiced costs determined by staff to have been required to facilitate the development regardless of site contamination/remediation works are identified and excluded from reimbursement. Auditing of invoices and supporting documentation will be undertaken by staff and may be subject to a third-party review at staff's discretion. Where such third-party review is required, the cost will be at the approved Applicant's expense but subject to eligibility under the ERG program for the purposes of the Grant.

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

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Grant Level:		80%
Total Estimated Eligible Costs (Maximum):	\$	239,325
Total Estimated Grant (Maximum):	\$	239,325
Pre-project CVA (CT-Commercial):	\$	1,465,000 Year: 2022
Municipal Levy:	\$	30,619
Education Levy:	\$	<u>12,892</u>
Pre-project Property Taxes	\$	43,511
Estimated Post-project CVA (RT-Residential):	\$	20,310,000 Year: TBD
Estimated Municipal Levy:	\$	214,386
Estimated Education Levy:	\$	<u>31,074</u>
Estimated Post-project Property Taxes:	\$	245,460

Provisions for Calculations:

- 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 pre and post-development property taxes;
- 4) Annual Taxes exclude any Local Charges; and
- 5) 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 PED22136 – Site Location Map