




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	April 17, 2024
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement Redevelopment Grant Application ERG-23-06, 71 Rebecca Street, Hamilton (PED24073) (Ward 2)
WARD(S) AFFECTED:	Ward 2
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 Redevelopment Grant Application ERG-23-06, submitted by HiRose (Rebecca) Inc. (Melrose Investments Inc./Rosehaven Homes), owner of the property 71 Rebecca Street, Hamilton be approved for an Environmental Remediation and Site Enhancement Redevelopment Grant not to exceed \$5,160,501 for estimated eligible remediation costs to be provided over a maximum of ten years, in accordance with the terms and conditions of the Environmental Remediation and Site Enhancement 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 Redevelopment Agreement together with any ancillary documentation required, to give effect to the Environmental Remediation and Site Enhancement Redevelopment Grant for HiRose (Rebecca) Inc. (Melrose Investments Inc./Rosehaven Homes) owner of the property 71 Rebecca Street, 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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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 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 application to the Environmental Remediation and Site Enhancement Redevelopment Grant Program (hereafter referenced as the Program) for 71 Rebecca Street, Hamilton (the Site) was submitted on December 6, 2023, by HiRose (Rebecca) Inc. (Melrose Investments Inc./Rosehaven Homes), the registered owner of the Site.

The Site is located in Downtown Hamilton on the north side of Rebecca Street between John Street North and Catharine Street North. The Site is currently vacant. The Site and a previously existing building were developed in the 1950's as an inter-city bus terminal which ceased operation in 1996 and thereafter became home to the Hamilton Urban Core Community Healthcare organization until the building was demolished in 2022.

A Supplementary Phase Two Environmental Site Assessment completed in June 2023 to investigate the Site's soil and groundwater conditions identified the presence of contaminants in the soil and groundwater at concentrations above the applicable Ministry of Environment, Conservation and Parks (the Ministry) Site Condition Standards needed to accommodate the planned redevelopment. Contaminates identified include Petroleum Hydrocarbons, Metals, and Benzene, Toluene, Ethylbenzene and Xylene in the soil as well as Volatile Organic Compounds and further Petroleum Hydrocarbons in the Site's groundwater. As such, site remediation is required which is proposed to include the undertaking of a Risk Assessment with associated risk mitigation measures incorporated into the development, along with removal of contaminated soil in order to facilitate the required filing of a Record of Site Condition in accordance with Ontario Regulation 153/04.

The planned redevelopment of the Site, for which conditional Site Plan approval has been granted, consists of a 30-storey mixed use building containing 477 residential condominium units and three commercial ground floor units with a total of 389 square metres. Construction costs are estimated to be approximately \$156,000,000.

Estimated remediation costs eligible for consideration under the Program are \$5,160,501.

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It is estimated that the planned redevelopment will increase the Site's assessment from the pre-development value of \$1,883,000 (CX-Commercial) to approximately \$86,159,000 (CT-Commercial/RT-Residential). This will increase total annual property taxes (municipal and education) generated by this Site from \$60,324 to an estimated \$1,152,615, an increase of \$1,092,291 annually. The municipal portion of this increase would be \$973,287 of which 80%, representing the maximum potential annual grant permitted under the Program, would be \$778,630. The maximum total grant which may be provided, as recommended by staff, would be provided over seven annual payments based on current estimates.

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



Existing Conditions (September 2023) – 71 Rebecca Street, Hamilton viewed northwest from Rebecca Street and Catharine Street North (Source: maps.google.ca)



Planned Development – viewed looking northwest (Source: HiRose (Rebecca) Inc.)

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Alternatives for Consideration – See Page 9

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As per the Program, the City will provide the Applicant with a Grant equivalent to 80% of the increase in municipal taxes up to the estimated eligible remediation costs of \$5,160,501 or until 10 annual payments are provided, whichever comes first. Based on an estimated maximum potential annual Grant amount of \$778,630, the annual Grant payments are estimated to conclude in year seven after which the City will realize the full annual municipal tax increment of \$973,287 annually for the life of the development.

The City will retain the remaining 20% of the annual municipal tax increment estimated not otherwise provided to the Applicant estimated to be \$194,657. In accordance with the Program terms, these funds will be directed to the Brownfield Pilot Project Account No. 3621755102, up to a maximum of 20% of the total Environmental Remediation and Site Enhancement Grant to be provided, estimated to total \$1,032,100.

The Brownfield Pilot Project funds the Municipal Acquisition and Partnership Program and Environmental Remediation and Site Enhancement Affordable Housing Grant Program. The Environmental Remediation and Site Enhancement Municipal Acquisition and Partnership Program 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. The Environmental Remediation and Site Enhancement Affordable Housing Grant Program provides grants to non-profit housing providers to assist with remediation costs on sites being developed for affordable housing.

Staffing: Applications and Grant payments under the Program are administered by staff from the Economic Development Division, Planning and Economic Development Department and the Financial Planning, Administration and Policy Section of the Corporate Services Department.

There are no additional staffing requirements arising from this Report's recommendations.

Legal: The Program is authorized by the Environmental Remediation and Site Enhancement Community Improvement Plan which was originally adopted and approved in 2001 and most recently comprehensively reviewed and

updated in 2023 in accordance with Section 28 of the *Planning Act*. The Applicant will be required to enter into an Environmental Remediation and Site Enhancement 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

On December 6, 2023, an Application to the Program for the Site was submitted by the registered owner HiRose (Rebecca) Inc. (Melrose Investments Inc./Rosehaven Homes).

The Site is approximately 0.30 hectares (0.74 acres) in size and located in Downtown Hamilton on the north side of Rebecca Street between John Street North and Catharine Street North. The immediate area is urbanized with a mix of high, mid and low rise commercial, residential and institutional buildings. The Site is immediately adjacent to a commercial surface parking lot to the north, the Hamilton Police Service Investigative Services Division building to the east, the John Rebecca Park to the south and a commercial surface parking lot to the west.

The Site is currently vacant. The Site and a previously existing building were developed in the 1950's as an inter-city bus terminal which ceased operation in 1996 and thereafter became home to the Hamilton Urban Core Community Healthcare organization until the building was demolished in 2022.

A Phase One Environmental Site Assessment was completed in May 2021 by Terraprobe Inc. to identify historical land use activities and the potential for Contaminates of Concern on the Site. The results identified 18 on-site Areas of Potential Environmental Concern which included historical gasoline storage, vehicle maintenance and repair activities, importation of fill of unknown quality/origin as well as a number of historical manufacturing activities dating back to the Site's initial development in the 1890s.

In addition to previous Phase Two Environmental Site Assessments undertaken, a Supplementary Phase Two Environmental Site Assessment was undertaken by Terraprobe Inc. in June 2023 to further investigate the Site's current soil and groundwater conditions and to delineate the extent of contamination in support of the Site's redevelopment. The assessment was overseen by a qualified person with results informed by samples obtained from boreholes dug to test soil and groundwater conditions in each of the Areas of Potential Environmental Concern identified.

The results confirmed the presence of numerous contaminants in the Site's soil including, but not limited to, Petroleum Hydrocarbons, Metals, and Benzene, Toluene,

Ethylbenzene and Xylene. In addition, Volatile Organic Compounds and further Petroleum Hydrocarbons were identified in the Site's groundwater with the potential that for such contaminants originating from off-site sources. These contaminants were found at concentrations that exceed the Ministry's Table 3 - Full Depth Generic Site Condition Standards in a Non-Potable Groundwater Condition for Residential/Parkland/Institutional land use deemed applicable to the Site based on the planned redevelopment in accordance with Ontario Regulation 153/04.

Site remediation to facilitate successful filing of a Record of Site Condition with the Ministry will be required to accommodate the planned redevelopment in accordance with Ontario Regulation 153/04.

A Remedial Action Plan was prepared in November 2023 by Terraprobe Inc. which recommended that Site remediation include the undertaking of a Tier III Risk Assessment (a scientific tool to assess and manage risk and to establish property specific standards), risk management measures to be incorporated into the Site and proposed building as well as removal of contaminated soil to facilitate building slab construction. Specific risk management measures which will be incorporated include, but are not limited to:

- Installation of vapour barriers under the buildings slab-on-grade;
- Prohibition of residential units at grade;
- Construction of a four level above ground parking structure on top of commercial uses at grade;
- Surface barrier systems; and,
- Potable water and landscape restrictions (including prohibitions on vegetable gardens or any grown produce on-site).

The required risk management measures will be registered on title through the Certificate of Property Use and Record of Site Condition for the Site.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The Site is located within the "Downtown Urban Growth Centre" on Schedule "E" – Urban Structure and further identified as being within the Downtown Hamilton Secondary Plan area (Official Plan Amendment 102) which designates the Site as

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“Downtown Mixed Use” on “Map B.6.1-1 – Land Use Plan” and “High-rise 2” on “Map B.6.1-2 – Maximum Building Heights”. These designations are intended to support intensive, urban-scale mixed use developments of up to 30 storeys.

The planned redevelopment conforms to the designation.

City of Hamilton Zoning By-law 05-200

The subject Site is zoned D1 (701, H17, H105) (Downtown Central Business District Zone) which is intended to provide for a range of stand-alone and mixed-use buildings incorporating a built form and uses that support the City’s goal of creating a complete, vibrant and transit-oriented area downtown core.

Special Exception 701 of the applicable zoning sets out various modified site-specific standards respecting setbacks, step backs, lot coverage and parking standards. Holding Provision 17 outlines various development conditions required to be met before development can proceed including the submission of various studies and the meeting of building height criteria. Holding Provision 105 requires that a Record of Site Condition be acknowledged by the Ministry and submitted to the City.

The planned redevelopment is permitted.

Site Plan Control

The Site is subject to Site Plan Control. At the time of writing this Report the planned redevelopment has received conditional Site Plan approval (DA-23-016).

RELEVANT CONSULTATION

Staff from Financial Services and Taxation and Legal Services of the Corporate Services Department were consulted, and the advice received incorporated in this Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Estimated remediation costs, as per Terraprobe’s November 2023 Remedial Action Plan, which may be eligible for consideration under the ERG Program based on the Site’s location within the Historically Developed Area of the Environmental Remediation and Site Enhancement Community Improvement Project Area, total \$5,160,501 and consist of the following:

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- \$3,810,065 in costs for physical risk mitigation measures (including caisson wall shoring, hard cap and fill cap barriers, vapor barriers etc.);
- \$1,079,045 in costs associated with the excavation, transportation and disposal of up to 2,877 m³ of impacted soils at a licensed landfill facility as well as groundwater management; and,
- \$271,391 in environmental consulting costs for preparation of required studies, plans, monitoring well decommissioning and filing of a Record of Site Condition.

Invoices and supporting documentation for the above noted estimated costs shall be required to be submitted to staff and will be the subject of an audit to ensure compliance with the Council approved Program terms including, but not limited to, ensuring that costs required for the development regardless of the presence of contamination (non-remediation related construction costs) are identified and excluded from the eligible grant.

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 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:

Grant Level:		80%	
Total Estimated Eligible Costs (Maximum):	\$	5,160,501	
Total Estimated Grant (Maximum):	\$	5,160,501	
Pre-project Assessment (CX-Commercial)	\$	1,883,000	Year: 2023
Municipal Levy:	\$	43,753	
Education Levy:	\$	16,570	
Pre-project Property Taxes	\$	60,323	
Estimated Post-project Assessment (CT-Commercial/RT-Residential):	\$	86,159,000	Year: To be determined.
Estimated Municipal Levy:	\$	1,017,041	
Estimated Education Levy:	\$	135,575	
Estimated Post-project Property Taxes:	\$	1,152,616	

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 upon completion of the development;
- 2) As per Program requirement, the increase in realty taxes is based on the most recently available tax year information at the time the tax estimate was requested;
- 3) 2023 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.

ALTERNATIVES FOR CONSIDERATION

The 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 to staff for further information on possible financial and/or legal implications.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED24073 – Site Location Map