




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 17, 2024
SUBJECT/REPORT NO:	Downtown Hamilton Business Improvement Area 2024 Proposed Budget and Schedule of Payments (PED24010) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Cristina Geissler (905) 546-2424 Ext. 2632
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the 2024 Operating Budget for the Downtown Hamilton Business Improvement Area, attached as Appendix “A” to Report PED24010, in the amount of \$515,000 be approved;
- (b) That the levy portion of the Operating Budget for the Downtown Hamilton Business Improvement Area in the amount of \$450,000 be approved;
- (c) That the General Manager of Finance and Corporate Services be hereby authorized and directed to prepare the requisite By-law pursuant to Section 208, *The Municipal Act, 2001*, to the levy portion of the 2024 Budget as referenced in Recommendation (b) of Report PED24010;
- (d) That the 2/3 levy reduction, previously provided to Royal Connaught (110, 114, 116, 118, 120 and 122 King Street East) and the former Holiday Inn (130-150 King Street East) be eliminated in 2024;

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.

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(e) That the following schedule of payments for 2024 be approved:

- (i) February \$225,000;
- (ii) June \$225,000;

Note: Assessment appeals may be deducted from the levy payments.

EXECUTIVE SUMMARY

This Report deals with the approval of the 2024 Budget and Schedule of Payments for the Downtown Hamilton Business Improvement Area.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The levy portion of the Business Improvement Area’s Operating Budget in the amount of \$450,000 is raised through levies imposed upon rateable properties within the Business Improvement Area. There is no cost to the City of Hamilton for any part of the Business Improvement Area’s Operating Budget.

Elimination of the historical 2/3 reduction provided to 110, 114, 116, 118, 120 and 122 King Street East and 130-150 King Street East (the “Reduced Assessment Properties”) does not change the amount of the levy portion of the Business Improvement Area’s approved budget. As a result of eliminating the 2/3 reduction historically granted to the Reduced Assessment Properties, all rateable properties will be taxed on the basis of their full assessed value, lowering the tax rate imposed on the rateable properties within the Business Improvement Area. This adjustment in the tax rate would be applicable for 2024.

Staffing: There are no staffing implications.

Legal: Legal services will assist in drafting a By-law to establish a special charge for the purposes of raising the amount required under the 2024 Budget of the Business Improvement Area as required pursuant to Section 208 of the *Municipal Act, 2001* (the “Act”).

HISTORICAL BACKGROUND

At its Annual General Meeting on Thursday November 9, 2023, the Downtown Hamilton Business Improvement Area Board of Management presented its proposed Budget for 2024.

The process followed to adopt the Downtown Hamilton Business Improvement Area Budget was in accordance with The *Municipal Act, 2001*, and the Business Improvement Area's Procedure By-law.

On February 15, 2023, the Downtown Hamilton Business Improvement Area Board of Management voted to increase the levy of the Royal Connaught (110, 114, 116, 118, 120 and 122 King Street East) and the former Holiday Inn (130-150 King Street East) from 1/3 to 100% of the properties assessed value.

Following the decision of the Downtown Hamilton Business Improvement Area Board of Management, Report PED24010 is recommending that the levy reduction be eliminated.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Pursuant to Section 205(2) of the *Act*, the board of management of a Business Improvement Area must submit their proposed budget to council and the municipality may approve it in whole or in part.

Pursuant to Section 208 of the *Act*, the municipality shall raise the amount required for the purposes of the board of management and may establish a special charge for that purpose.

RELEVANT CONSULTATION

- (i) Taxation, Corporate Services; and,
- (ii) Legal Services.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The levy reductions applicable to the Reduced Assessment Properties have been in place for years. More recently they were reviewed to determine whether there was any rationale to continue these reductions, and with no rationale to support the continued reduction, the Business Improvement Area approved the elimination of the reductions for 2024. The Business Improvement Area Board of Management determined that the best way to do so, without overly burdening the properties that benefitted from this reduction, was for this levy reduction to be removed once the Reduced Assessment Properties were at full occupancy.

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In arriving at the Business Improvement Area, Business Improvement Area tax rate for each rateable property within the Business Improvement Area, Finance staff use the weighted commercial/industrial assessment within each respective Business Improvement Area. While the Business Improvement Area levy amount of \$450,000 for 2024 remains unchanged, a higher weighted assessment results in a lower Business Improvement Area tax rate.

Historically, given the 2/3 reduction, only 1/3 of the assessment value of the Reduced Assessment Properties has been used to determine the weighted assessment and this results in a Business Improvement Area tax rate that is higher than it would have been if the reduction was not in place. This Business Improvement Area tax rate is applied to 1/3 of the assessed value of the Reduced Assessment Properties, which results in a benefit to these properties that is offset by the other properties within the Downtown Business Improvement Area.

If the 2/3 reduction for the Reduced Assessment Properties is removed, every rateable property within the Business Improvement Area, would be subject to Business Improvement Area levy based on the full assessment value of the property. Also, by eliminating the 2/3 reduction, the weighted assessment of the Downtown Business Improvement Area increases which results in a lower Business Improvement Area tax rate than what would have been calculated had the 2/3 reduction remained. This adjustment in the tax rate would be applicable commencing in 2024.

Overall, the elimination of the reduction for the Reduced Properties has no effect on the 2024 approved Budget or the levy portion of that Budget.

ALTERNATIVES FOR CONSIDERATION

N/A

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED24010 – 2024 Downtown Hamilton Business Improvement Area Budget.

CG/rb