



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	September 4, 2024
SUBJECT/REPORT NO:	Environmental Remediation and Site Enhancement Redevelopment Grant Application ERG-24-02, 575 Wilson Street, Hamilton (PED24146) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	Phil Caldwell (905) 546-2424 Ext. 2359
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	 Judy Lam – Acting Director

RECOMMENDATION

- (a) That Environmental Remediation and Site Enhancement Redevelopment Grant Application ERG-24-02, submitted by Cielo Residential Inc. (Ryan Kotar / Michael Kotar / David Hazell / Nathan Leonard), owner of the property 575 Wilson Street, Hamilton be approved for an Environmental Remediation and Site Enhancement Redevelopment Grant not to exceed \$539,000 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 Cielo Residential Inc. (Ryan Kotar / Michael Kotar / David Hazell / Nathan Leonard), owner of the property 575 Wilson 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 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 575 Wilson Street, Hamilton (the Site) was submitted on April 29, 2024, by Cielo Residential Inc. (Ryan Kotar / Michael Kotar / David Hazell / Nathan Leonard), the registered owner of the Site.

The Site is located at the northeast corner of Wilson Street and Greenaway Avenue in the Central Hamilton neighbourhood of Gibson. The Site is currently vacant without buildings or structures and previously served as customer parking for a commercial business located immediately to the south.

Environmental site assessments undertaken on the Site have confirmed contaminants in the soil and groundwater above the applicable site condition standards required to permit redevelopment of the Site for residential uses. Contaminates identified include Volatile Organic Compounds, Polycyclic Aromatic Hydrocarbons, Petroleum Hydrocarbons and Trichloroethylene with contaminants in the groundwater likely originating off-site.

Site remediation will be required to facilitate successful filing of a Record of Site Condition with the Ministry of Environment, Conservation and Parks (the Ministry) required to facilitate site's planned redevelopment. Remediation work eligible for consideration under the Program, estimated at \$539,000, consists of the excavation and disposal of impacted soils / groundwater and the installation of impermeable barriers along the southwestern / southern property line to impede further contaminated groundwater entering the Site.

The planned redevelopment of the Site includes five duplexes (four fronting Wilson Street and one fronting Greenaway Avenue) totalling ten residential rental units consisting of five two-bedroom and five three-bedroom units. Estimated construction costs are approximately \$5,400,000.

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It is estimated that the planned redevelopment will increase the Site's assessment from the pre-development value of \$120,000 (CX-Vacant Commercial Land) to approximately \$1,486,000 (RT-Residential). This will increase total annual property taxes (municipal and education) generated by this Site from \$4,076 to an estimated \$21,159, an increase of \$17,083 annually. The municipal portion of this increase is \$15,866 of which 80%, representing the maximum potential annual grant permitted under the Program, would be \$12,693. As a result, it is currently estimated that the maximum achievable grant for the project would be \$126,930 provided over the Program maximum of 10 annual payments.

The images below are of the Site's existing condition as well as renderings of the planned development.



Existing Conditions (September 2023) – 575 Wilson Street, Hamilton looking northeast from Wilson Street (Source: maps.google.ca)



Planned Development – viewed looking northeast from Wilson Street (Source: Cielo Residential Inc.)

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.

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 \$539,000 or until ten annual payments are provided, whichever comes first. Based on an estimated maximum potential annual Grant amount of \$126,930, the annual Grant payments are estimated to conclude in year 10 after which the City will realize the full annual municipal tax increment of \$15,866 annually for the life of the development.

The City will retain the remaining 20% of the annual municipal tax increment not otherwise provided to the Applicant and estimated to be \$3,173 annually. In accordance with the Program terms, these funds will be directed to Brownfield Pilot Project Account No. 3621755102, to a maximum of 20% of the total Environmental Remediation and Site Enhancement Grant to be provided, estimated to total \$25,386.

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.

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

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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 April 29, 2024, an Application to the Program for the Site was submitted by the registered owner Cielo Residential Inc. (Ryan Kotar / Michael Kotar / David Hazell / Nathan Leonard).

The Site is approximately 0.12 hectares (0.30 acres) and located at the northeast corner of Wilson Street and Greenaway Avenue in the Central Hamilton neighbourhood of Gibson. The Site is located in an urban area primarily consisting of low rise residential and commercial buildings. The Site is immediately adjacent to low-rise residential buildings to the north and east.

The Site is currently vacant without buildings or structures and previously served as customer parking for a commercial business located immediately to the south. Previous to its current use as a parking lot, the site contained residential uses developed in 1916 until being demolished in the 1960s for its current use.

A Phase One Environmental Site Assessment was completed in February 2022 by Landtek Limited Consulting Engineers to identify historical land use activities and the potential for Areas of Potential Environmental Concern. The results identified concerns with past historical activities in the vicinity of the site including various industrial / manufacturing uses as well as the importation of fill to the site of unknown quality.

A Phase Two Environmental Site Assessment and Supplementary Phase Two Environmental Site Assessment were completed by Landtek in March 2022 and October 2023 respectively to further investigate the Site's soil and groundwater conditions and to further delineate the extent of contamination. The assessments were overseen by a qualified person with results informed by samples obtained from a total of 13 boreholes of which eight were groundwater monitoring wells.

The results confirmed the presence of numerous contaminants in the Site's soil including, Volatile Organic Compounds, Polycyclic Aromatic Hydrocarbons and Petroleum Hydrocarbons. In addition, Petroleum Hydrocarbons and Trichloroethylene were identified in the Site's groundwater likely originating off-site and entering the site from the south. 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 by Landtek in November 2023 which recommended that Site remediation consist of the excavation and disposal of contaminated soil at a licensed landfill as well as the installation of a watertight impermeable barrier along the southwestern / southern property line to impede further contaminated groundwater entering the Site.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The Site is located within the “Neighbourhoods” element on Schedule “E” – Urban Structure and further designated “Neighbourhoods” on Schedule “E-1” – Urban Land Use Designations.

The planned development conforms to the designation.

Former City of Hamilton Zoning By-law 6593

The subject Site is zoned D/S-1822 (Urban Protected Residential - One and Two Family Dwellings, Etc.) which is intended to provide for a range of low rise residential uses.

Special Exception 1822 of the applicable zoning was part of a broader city-wide amendment to permit an expanded range of low density residential uses as well as the conversion of existing single detached dwellings and duplex dwellings (two family dwellings) to provide small-scale intensification opportunities.

The planned development is permitted.

Site Plan Control

The planned development is not subject to Site Plan Control.

RELEVANT CONSULTATION

Input by staff from Financial Services and Taxation and Legal Services of the Corporate Services Department have informed this Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Estimated remediation costs, informed by Landtek's November 2023 Remedial Action Plan, which may be eligible for consideration under the Program based on the Site's location within the Historically Developed Area of the Environmental Remediation and Site Enhancement Community Improvement Project Area, total \$539,000 and consist of the following:

- \$250,000 for contaminated groundwater treatment and disposal;
- \$192,000 in costs associated with the excavation, transportation and disposal of up to 2,400 tonnes of impacted soil at a licensed landfill facility;
- \$79,900 in environmental consulting costs for preparation of required studies, confirmatory sampling and Record of Site Condition filing; and,
- \$17,100 for 570 tonnes of soil backfill.

The applicant will be required to submit to staff invoices and supporting documentation for the above noted estimated costs which will be the subject of an audit to ensure compliance with the Council approved Program terms including, but not limited to, ensuring that any costs incurred that would have been required for the development regardless of the presence of contamination are identified and excluded from the eligible grant.

Auditing of invoices and supporting documentation will be undertaken by staff but 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.

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Grant level as a percentage of municipal tax uplift:		80%	
Total Estimated Eligible Costs (Maximum):	\$	539,000	
Total Estimated Grant (Maximum):	\$	126,930	
Pre-project Assessment (CX-Vacant Commercial Land)	\$	120,000	Year: 2024
Municipal Levy:	\$	3,020	
Education Levy:	\$	<u>1,056</u>	
Pre-project Property Taxes	\$	4,076	
Estimated Post-project Assessment (RT-Residential):	\$	1,486,000	Year: To be determined.
Estimated Municipal Levy:	\$	18,886	
Estimated Education Levy:	\$	<u>2,273</u>	
Estimated Post-project Property Taxes:	\$	21,159	

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 year in which the tax estimate was requested;
- 3) 2024 tax rates have been used for calculation of the estimated post-development property taxes;
- 4) Annual Taxes exclude any Local Charges;
- 5) The existing lot will be legally subdivided into five separate parcels as identified on the site plan provided to Municipal Property Assessment Corporation;
- 6) All basements will be finished; and,
- 7) 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 PED24146 – Site Location Map