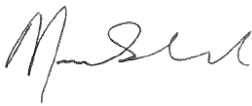




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	December 4, 2024
SUBJECT/REPORT NO:	Leadership in Energy and Environmental Design (LEED) Grant Application (LGP-22-01) 60 Caledon Avenue, Hamilton (PED24160) (Ward 8)
WARD(S) AFFECTED:	Ward 8
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 the Leadership in Energy and Environmental Design Grant Application LGP-22-01, submitted by Victoria Park Community Homes Inc., owner of the property 60 Caledon Avenue, Hamilton be approved for a Leadership in Energy and Environmental Design Grant not to exceed \$1,530,566 for estimated construction costs to be provided over a maximum of five years, in accordance with the terms and conditions of a Leadership in Energy and Environmental Design Grant Agreement;
- (b) That the General Manager of the Planning and Economic Development Department be authorized and directed to execute a Leadership in Energy and Environmental Design Grant Agreement together with any ancillary documentation required, to give effect to the Leadership in Energy and Environmental Design Grant for Victoria Park Community Homes Inc., owner of the property 60 Caledon Avenue, 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 Leadership in Energy and Environmental Design Grant Agreement including but not limited to: deciding

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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 Leadership in Energy and Environmental Design 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 Hamilton Leadership in Energy and Environmental Design Grant Program (the Program) for 60 Caledon Avenue, Hamilton (the Site) was submitted on May 30, 2022, by Caledon Community Collaborative and resubmitted in September 2024 to reflect a change in Site ownership to Victoria Park Community Homes Inc (the Applicant).

The Site is currently vacant without buildings having previously contained a two-storey school (Mountain Secondary School) which was closed in 2017 and purchased by the City. The building was demolished in 2021.

The planned redevelopment of the Site, which is intending to achieve a Leadership in Energy and Environmental Design Silver Certification (hereafter referenced as LEED Silver) by the Canada Green Building Council, consists of five blocks of back-to-back townhouses comprising 60 units as well as two mid-rise apartment buildings comprising 201 units for a total of 261 new residential units. The development will include a mix of one-, two- and three-bedroom units including the provision of at least 30 three-bedroom affordable rental units as a condition of the Site's sale by the City to the Applicant.

In accordance with the Program terms, the maximum grant is estimated at \$1,530,566 consisting of the following:

- \$1,457,096 representing 50% (or 1.5%) of total estimated construction costs of \$97,139,739, deemed attributable to the incremental construction costs required to achieve the LEED Silver certification; and,
- \$73,470 representing 50% of estimated eligible soft costs of \$146,939 associated with LEED silver certification.

The Applicant has confirmed that the maximum grant amount will not be the subject of any other financial assistance (forgivable loans, grants, subsidies etc.) and will be the sole responsibility of the Applicant.

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It is estimated that the planned redevelopment will increase the Site's assessment from the pre-development value of \$5,622,000 (CX-Commercial Land) to approximately \$32,534,000 (NT-New Multi Residential). This will increase total annual property taxes (municipal and education) generated by this Site from \$190,946 to an estimated \$463,255, an increase of \$272,309 annually. The municipal portion of this increase is \$272,006 of which 75%, representing the maximum potential annual grant permitted under the Program, would be \$204,004. As a result, it is currently estimated that the maximum achievable grant for the project would be \$1,020,022 provided over the Program maximum of five annual payments.

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



Existing Conditions (September 2023) – 60 Caledon Avenue, Hamilton looking north from Tyrone Drive at Hawkrige Avenue (Source: maps.google.ca)



Planned Redevelopment – as would be looking north from Tyrone Drive at Hawkrige Avenue (Source: maps.google.ca) (Source: Victoria Park Community Homes Inc.)

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Alternatives for Consideration – See Page 10

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As per the Program, the City will provide the Applicant with a grant equivalent to 75% of the increase in municipal taxes up to the estimated eligible costs of \$1,530,566 or until five annual payments are provided, whichever comes first. Based on an estimated maximum potential annual grant amount of \$204,004, the annual grant payments are estimated to conclude in year five with a total achievable grant of \$1,020,022.

During the grant payment period, the city will retain the remaining 25% of the annual municipal tax increment not otherwise provided to the Applicant estimated to be \$68,001 annually and \$340,007 over the five-year grant payment period.

Upon completion of the eligible grant payments, the City will realize the full municipal tax increment estimated to be \$272,006 annually for the remaining life of the development.

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 Hamilton 'LEED'ing the Way Community Improvement Plan By-law 08-213 as amended, which was originally adopted and approved in 2008 and subsequently reviewed and updated in 2010 in accordance with Section 28 of the *Planning Act*.

The Applicant will be required to enter into a Leadership in Energy and Environmental Design Grant 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

Application and Planned Redevelopment

On May 30, 2022, an Application to the Program for the Site was submitted by Caledon Community Collaborative. The application was resubmitted in September 2024 to reflect a change in Site ownership to the Applicant.

The Site is approximately 2.90 hectares (7.17 acres) and located in the Hamilton Mountain neighbourhood of Yeoville. The Site is located in an urban area primarily consisting of low-rise residential buildings to the north, east and south as well as an institutional use (private school) to the west. The intersection of Upper James Street and Lotus Avenue is approximately 130 metres to the east. A Site map is provided in Appendix A to this Report.

The Site is currently vacant without buildings. The Site previously contained a two-storey school (Mountain Secondary School) which was closed in 2017 and purchased by the city. The building was demolished in 2021.

City Council authorized a conditional sale of the property to Caledon Community Collaborative (Victoria Park Community Homes Inc. and Kiwanis Not-for-Profit Homes) in 2020 via Report PED19134(a) which included a vendor take-back mortgage to secure the development and operation of a required minimum 30 three-bedroom affordable rental units in any future redevelopment as part of the sale.

The planned redevelopment of the Site, which is intending to achieve a LEED Silver certification level from the Canada Green Building Council, consists of five blocks of back-to-back townhouses comprising 60 units as well as two mid-rise apartment buildings comprising 201 units for a total of 261 residential units. The development will include a mix of one, two and three-bedroom units.

In addition to the City's contributions under the Program, the planned redevelopment has received a \$175,000 grant for early project planning studies from the Federation of Canadian Municipalities' Green Municipal Fund and received approval in August 2024 through the Canada Mortgage and Housing Corporation Affordable Housing Fund for a mix of forgivable loan and low interest loan to support development construction costs.

In May 2024 the Applicant became the sole owner of the Site.

LEED Grant Program and LEED Certifications

The Program is intended to provide an economic catalyst for sustainable building and land development practices by cost-sharing (50%) of the incremental costs required to achieve LEED certification by the Canada Green Building Council.

LEED Certification provides an independent, third-party verification that a development was designed and built/operated to achieve high performance in the following six areas of human and environmental health: Location and Transportation, Sustainable Site Development, Water Savings, Energy Efficiency, Materials Section and Indoor Environmental Quality.

Projects pursuing LEED certification earn points for incorporating green building strategies and improvements into the development in order to achieve one of four LEED rating levels based on the resulting score: Certified (lowest), Silver, Gold or Platinum (highest).

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.

City of Hamilton Zoning By-law 05-200

The subject Site is zoned Community Institutional (I2) (Exception 810; Holding: H127).

Special Exception 810 permitted the additional use of a ‘multiple dwelling’ along with a maximum height of 22 metres for the multiple dwelling and 11.5 metres on the remainder of the site. The Special Exception also establishes modified regulations respecting landscaped areas, side yards and minimum amenity areas among others.

Holding Provision H127 requires “[t]hat the owner submits and receives approval of an updated Functional Servicing Report and Stormwater Management Report and related drawings to demonstrate that adequate capacity exists in the existing municipal sanitary sewer downstream of the site to support the proposed development, to the satisfaction of the Director of Growth Management.”

The planned development is permitted.

Site Plan Control

At the time of writing this Report, the planned development has received Conditional Site Plan Approval (DA-22-153).

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

The subject Site is located within the Hamilton LEED'ing the Way Community Improvement Project Area By-law 08-213, as amended, and is intending to achieve a LEED Silver certification required for eligibility under the Program.

The LEED Silver certification level is intended to be achieved through a variety of building strategies and improvements including, but not limited to, the following (note specific building strategies and improvements may be subject to change during construction and through the certification process):

- Providing 10% of all parking spaces as EV ready (a total of 24 spaces);
- Outdoor and indoor water use reduction through the use of non-potable water for irrigation and high efficiency fixtures and fittings;
- Optimized energy performance resulting in a 40% improvement in energy and greenhouse gas emissions over Building Code;
- A Whole Building Life Cycle Assessment to establish baseline embodied carbon, upon which materials will be selected in construction that achieve a minimum 10% reduction in at least three out of six impact categories. Subsequently, materials will meet requirements for availability of Environmental Product Declaration, Sourcing Information and Low Emission Standards; and,
- Enhanced indoor air quality strategies will be pursued including high efficiency filtration media, pollutant source control at all regularly used building entrances and low emitting material selection.

For developments intending to achieve a LEED Silver certification, the Program assumes a corresponding increase in total construction costs of 3% to achieve this certification level. The City's share of this increase which is under the Program is 50% or 1.5%. In addition to the premium on construction costs, the Program permits additional eligible soft costs associated with LEED certification including, but not limited to, energy modelling, consultant fees and LEED certification costs.

The maximum grant is estimated at \$1,530,566 consisting of the following:

- \$1,457,096 representing 1.5% of the overall construction cost for the development estimated at \$97,139,739; and,
- \$73,470 representing 50% of estimated eligible soft costs of \$146,939.

The Applicant has confirmed that the total maximum grant under the Program will not be the subject of any other financial assistance (forgivable loans, grants, subsidies etc.) and will be the sole responsibility of the Applicant. Prior to any grant being provided, the Applicant will be required to provide confirmation that construction costs and soft costs equaling the maximum grant under this Program have not been the subject of any other financial assistance.

The Applicant will be required to submit confirmation of achievement of the LEED Silver certification from the Canada Green Building Council. The achievement of a certification level less than LEED Silver or no certification will result in non-payment of the Grant. Achievement of a certification greater than LEED Silver (Gold or Platinum) will be the subject of revised recommendation to Council to increase the eligible grant maximum in accordance with the Program terms for Council consideration.

The Applicant will be required to submit a Quantity Surveyors report to confirm final and actual construction costs as well as invoices and supporting documentation for the above noted estimated soft costs which will be the subject of an audit for compliance with the Council approved Program terms.

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 Applicant's expense but subject to eligibility under the Program as an eligible soft cost for the purposes of determining the final grant.

It should be noted that while the planned redevelopment of the Site is intended to include affordable housing units, eligibility under this Program is not predicated on the provision of affordable housing but rather the development's ability to generate a municipal tax uplift and the achievement of a minimum LEED Silver certification.

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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.

Annual Grant as a percentage of annual municipal tax uplift:		75%
Total Estimated Eligible Costs (Maximum):	\$	1,530,566
Pre-project Assessment (CX-Vacant Commercial Land)	\$	5,622,000 Year: 2024
Municipal Levy:	\$	141,472
Education Levy:	\$	<u>49,474</u>
Pre-project Property Taxes	\$	190,946
Estimated Post-Project Assessment (NT-New Multi Residential):	\$	32,534,000 Year: To be determined.
Estimated Municipal Levy:	\$	413,478
Estimated Education Levy:	\$	<u>49,777</u>
Estimated Post-project Property Taxes:	\$	463,255
Estimated Annual Municipal Levy Increment	\$	272,006
Estimated Annual Grant (75% of increment)	\$	204,004
Total Estimated Grant (maximum five annual payments)	\$	1,020,022

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) Post-development assessment estimate provided by Municipal Property Assessment Corporation; and,
- 6) 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 PED24160 – Site Location Map