




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:	Revitalizing Hamilton Tax Increment Grant Program Application – 18 Augusta Street (PED24216) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Carlo Gorni (905) 546-2424 Ext. 2755 Phil Caldwell (905) 546-2424 Ext. 2359
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the Revitalizing Hamilton Tax Increment Grant Program Application submitted by 1814 Augusta GP Inc., as General Partner for, 1814 Augusta Limited Partnership (Core Urban Inc.), for the property at 18 Augusta Street, Hamilton, estimated to total \$281,827 over a maximum of four years based upon the incremental tax increase attributable to the redevelopment of 18 Augusta Street, Hamilton, be authorized and approved in accordance with the terms and conditions of the Revitalizing Hamilton Tax Increment Grant Program;
- (b) That the General Manager of the Planning and Economic Development Department be authorized and directed to execute a Grant Agreement together with any ancillary documentation required, to give effect to the Revitalizing Hamilton Tax Increment Grant for 1814 Augusta GP Inc., as General Partner for, 1814 Augusta Limited Partnership (Core Urban Inc.) for the property 18 Augusta 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

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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.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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conditions of the Revitalizing Hamilton Tax Increment Grant Program, 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

A Revitalizing Hamilton Tax Increment Grant Program (the Program) Application for the redevelopment of the property at 18 Augusta Street, Hamilton was submitted by 1814 Augusta GP Inc., as General Partner for, 1814 Augusta Limited Partnership (Core Urban Inc.) (the Applicant), the owner of the property. The development is now complete resulting in a six storey, 40 room limited-service hotel with underground parking and approximately 371 square metres (4,000 square feet) of main floor commercial space which currently contains a restaurant. Prior to redevelopment, the property served as a commercial parking lot.

Construction costs were estimated at \$6,455,000. As the property has been reassessed, the completed works have increased the assessed value of the property from its preconstruction value of \$662,000 to \$5,447,000 (2023) which will increase the total annual property taxes realized by the City. The municipal share of the property tax increase (municipal tax increment) is \$112,731 of which 100% would be granted to the owner during year one, 75% or approximately \$84,548 in year two, 50% or approximately \$56,365 in year three and 25% or approximately \$28,183 in year four. The estimated total value of the Grant is approximately \$281,827. Note that each year's Grant payment is calculated based on the actual tax increment realized annually.

The previous and now current use of the property post-redevelopment are shown below:



Previous Condition (October 2020) – 18 Augusta Street, Hamilton viewed southeast from Augusta Street (Source: maps.google.ca)



Post-Redevelopment Condition (June 2024) – 18 Augusta Street, Hamilton viewed southeast from Augusta Street (Source: maps.google.ca)

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The City will collect full property taxes on the property and, in turn, provide a Grant for four years, declining each year thereafter by 25%, based on the increase in the municipal portion of the taxes, post-redevelopment completion of 18 Augusta Street, Hamilton. Following year one of the Grant Payment, the City will start to realize the positive results of the Program from a financial perspective. Based on the projected figures, the estimated tax increment over four years totals \$450,922, of which the Applicant would receive a Grant totalling approximately \$281,826 with the city retaining approximately \$169,096 of the total municipal increment generated over the Grant period.

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 Revitalizing Hamilton's Commercial Districts Community Improvement Plan which was last comprehensively reviewed and approved by City Council on September 29, 2021 via By-law No. 21-164.

The Applicant will be required to enter into a Grant Agreement prior to Grant payment which will specify the obligations of the city and the Applicant and will be prepared in a form satisfactory to the City Solicitor.

As projects move forward, it is sometimes necessary to amend previously approved Grant Agreements and any ancillary documentation. Therefore, staff are recommending that the General Manager of Planning and Economic Development be authorized to amend Grant Agreements and any ancillary documentation, provided that the terms and conditions of the Program are maintained.

HISTORICAL BACKGROUND

The Program is intended to incentivize property owners located in Downtown Hamilton, Community Downtowns, Business Improvement Areas, the Mount Hope/Airport Gateway, the corridors of Barton Street and Kenilworth Avenue and to properties designated under Part IV or V of the *Ontario Heritage Act* to develop, redevelop or otherwise improve properties and/or buildings in a manner that will support the broader revitalization of these districts as well as generate new municipal property tax revenue through increased property assessments.

Prior to redevelopment, the property served as a commercial parking lot.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The property is identified as being within the Downtown Hamilton Secondary Plan area (Official Plan Amendment 102) which designates the Site as “Downtown Mixed Use” with a Pedestrian Focus on “Map B.6.1-1 – Land Use Plan” and as “Mid-rise” on “Map B.6.1-2 – Maximum Building Heights”. These designations are intended to support pedestrian focused developments with building heights between six and 12 storeys.

The development conforms to the designation.

City of Hamilton Zoning By-law 05-200

The subject Site is zoned D2 (Downtown Prime Retail Streets Zone) which is intended to provide a range of uses above grade combined with commercial uses at grade to acknowledge the pedestrian focus of the area and to create an active street level and inviting pedestrian experience.

The development is permitted.

Site Plan Control

The Site is subject to Site Plan Control. The development received conditional Site Plan approval (DA-20-048).

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

The property is located within the Downtown Hamilton Community Improvement Project Area required for eligibility under the Program as established via By-law 21-163.

The redevelopment of the property meet's the Program's intent for eligibility by supporting the following key City objectives:

- Reducing the need for greenfield or agricultural lands to accommodate future growth by directing development to under-utilized/ vacant properties in the urban area;
- Efficiently utilizing existing infrastructure and reducing related costs to the City;
- Supporting the achievement of Provincial/City residential unit/jobs density targets;
- Maintaining and growing resident populations/jobs in commercial districts to support existing and new commercial businesses;
- Supporting population/employment concentrations that better utilize existing transit and support new demand and investment in higher-order forms of transit; and,
- Enabling new economic development opportunities.

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

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Grant Level:	100%	
Total Eligible Costs (Maximum)	\$6,455,000	
Total Pre-Project CVA:		
GT Commercial Parking	\$274,000	
GT Commercial Parking	\$194,000	
CX Vacant Commercial Land	\$194,000	
Total	\$662,000	Year: 2021
Pre-Project Property Taxes:		
Municipal Levy	\$13,836	
Education Levy	\$5,826	
Pre-Project Property Taxes	\$19,662	
Actual Post-Project CVA:		
CT Commercial	\$5,447,000	Year: 2023
**Actual Year 1 Municipal Levy	\$126,567	
**Actual Education Levy	\$47,934	
**Actual Post-Project Property Taxes	\$174,500	

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;
- 2) As per Program requirement, the increase in realty taxes is based on the year in which Building Permit that initiated the above grade construction of the development was issued;
- 3) 2023 tax rates have been used for calculation of the estimated post-development property taxes;
- 4) Annual taxes exclude any Local Charges; and,
- 5) All dollar figures rounded.

Estimated Grant Payments

The estimated Grant Payments under the terms of the Program are provided below and based on the following municipal property tax increment calculation:

Pre-project Municipal Taxes = Municipal Levy = \$13,836
Municipal Tax Increment = \$126,567 - \$13,836 = \$112,731
Payment in Year One = \$112,731 x 1.0 = \$112,731

Year	Grant Factor	Tax Increment	Grant
1	100%	\$112,731	\$112,731
2	75%	\$112,731	\$84,548
3	50%	\$112,731	\$56,365
4	25%	\$112,731	\$28,183
Total		\$450,924	\$281,827

The Grant Agreement required to execute the Grant payments will contain provisions respecting the timing of payments and criteria for calculating the Grant payment in each year to ensure Grant payments reflect the property's actual assessed value and actual municipal taxes levied each year. The Applicant will be required to accept the terms and conditions of the Grant Agreement prior to any Grant payments being made.

ALTERNATIVES FOR CONSIDERATION

The Application meets the eligibility criteria and requirements of the Program. Declining a Grant and/or approving a reduced amount would undermine the principles of the Program and urban regeneration efforts in general. This alternative is not recommended.

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 PED24218 – Location Map