




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:	Barton/Kenilworth Tax Increment Grant Program Application - 588 Barton Street East (PED24218) (Ward 3)
WARD(S) AFFECTED:	Ward 3
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 Barton/Kenilworth Tax Increment Grant Program Application submitted by 1000193008 Ontario Inc. (Ken Bekendam), for the property at 588 Barton Street East, Hamilton, estimated at \$79,156 over a maximum of nine years based upon the incremental tax increase attributable to the redevelopment of 588 Barton Street East, Hamilton, be authorized and approved in accordance with the terms and conditions of the Barton/Kenilworth 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 Barton/Kenilworth Tax Increment Grant for 1000193008 Ontario Inc. (Ken Bekendam) for the property 588 Barton Street East, 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 Barton/Kenilworth 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 Barton/Kenilworth Tax Increment Grant Program (the Program) Application for the redevelopment of the property at 588 Barton Street East, Hamilton was submitted by 1000193008 Ontario Inc. (Ken Bekendam) (the Applicant), the owner of the property. The redevelopment of the property will include the renovation and reuse of a vacant two-storey commercial building to create 22 rental residential units.

Construction costs are estimated at \$1,841,900 and it is projected that the proposed redevelopment will increase the assessed value of the property from its current value of \$865,000 to approximately \$2,748,000 which will increase the total annual property taxes realized by the City. The municipal share of this property tax increase (municipal tax increment) will be approximately \$11,308 of which 100% would be granted to the owner during years one through five, 80% or approximately \$9,046 in year six, 60% or approximately \$6,785 in year seven, 40% or approximately \$4,523 in year eight and 20% or approximately \$2,262 in year nine. The estimated total value of the Grant is approximately \$79,156. Note that each year's Grant payment is calculated based on the actual tax increment realized annually.

The previous and planned (under construction) use of the property are shown below.



Previous Condition (Vacant - July 2022) – 588 Barton Street East, Hamilton viewed south from Barton Street East (Source: maps.google.ca)



Post-Redevelopment Condition (Under Construction June 2024) – 588 Barton Street East, Hamilton viewed south from Barton Street East (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 nine years, declining each year after the first five years by 20%, based on the increase in the municipal portion of the taxes, post-redevelopment completion of 588 Barton Street East, Hamilton. Following year five 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 nine years totals \$101,773 of which the Applicant would receive a Grant totalling approximately \$79,156 with the city retaining approximately \$22,616 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.

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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 was first established by City Council on May 11, 2016 and is intended to incentivize property owners located along the Barton Street East and Kenilworth Avenue North commercial corridors (including properties within the Barton Village Business Improvement Area) to develop, redevelop or otherwise improve their property 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 was entirely vacant for a number of years having previously served as a medical office and pharmacy.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The subject site is municipally known as 588 Barton Street East and is located within “Neighbourhoods” on Schedule “E” – Urban Structure and designated “Mixed Use – Medium Density” on Schedule “E-1” – Urban Land Use Designations which is intended to permit a full range of retail, service commercial, entertainment, and residential accommodation at a moderate scale and to increase the proportion of multiple storey, mixed use buildings that have retail and service commercial uses at grade.

The planned development conforms to the designation.

City of Hamilton Zoning By-law 05-200

Under the City of Hamilton Zoning By-Law No. 05-200, the subject site is zoned “Mixed Use Medium Density (C5) Zone” which permits a range of retail, service, commercial, entertainment, and residential uses serving the surrounding community.

The planned development is permitted.

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 Barton Street Village Commercial District 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 reuse of a previously vacant building and:

- 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;
- Providing new housing and growing the resident population in the Barton Street commercial district to support existing and new demand for commercial businesses and amenities in the neighbourhood;
- Supporting population/employment concentrations that better utilize existing transit and support new demand and potential opportunities for future 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)	\$1,840,900	
Total Pre-Project CVA: CT Commercial	\$865,000	Year: 2022
Pre-Project Property Taxes:		
Municipal Levy	\$18,707	
Education Levy	<u>\$7,612</u>	
Pre-Project Property Taxes	\$26,319	
Estimated Post-Project CVA:		
NT New Multi-Residential	\$2,748,000	Year: TBD
**Estimated Annual Municipal Levy	\$30,015	
**Estimated Annual Education Levy	<u>\$4,204</u>	
**Estimated Post-Project Property Taxes	\$34,219	

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) 2022 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.

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Pre-project Municipal Taxes = Municipal Levy = \$18,707
Municipal Tax Increment = \$30,015 - \$18,707 = \$11,308
Payment in Year One = \$11,308 x 1.0 = \$11,308

Year	Grant Factor	Tax Increment*	Grant
1	100%	\$11,308	\$11,308
2	100%	\$11,308	\$11,308
3	100%	\$11,308	\$11,308
4	100%	\$11,308	\$11,308
5	100%	\$11,308	\$11,308
6	80%	\$11,308	\$9,046
7	60%	\$11,308	\$6,785
8	40%	\$11,308	\$4,523
9	20%	\$11,308	\$2,262
Total		\$101,772	\$79,156

*Details of the development and estimated assessment and municipal tax increment are based on the development as approved at the time of writing this Report. Any changes to the planned development occurring prior to the final reassessment may result in changes to the actual municipal tax increment realized and would be reflected in the final Grant amount.

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