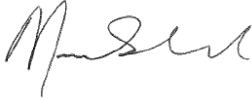




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 19, 2025
SUBJECT/REPORT NO:	Revitalizing Hamilton Tax Increment Grant Program Application - 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, Hamilton (PED25049) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Carlo Gorni (905) 546-2424 Ext. 2359
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That a Revitalizing Hamilton Tax Increment Grant Program Application submitted by Fengate Hamilton Lands GP Inc., as General Partner for, LPF Hamilton Lands LP (Fengate Capital Advisors Inc. (100%)), for the property at 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, Hamilton, estimated to total \$3,770,864 over a maximum of four years based on the incremental tax increase attributable to the redevelopment of 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, 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 Fengate Hamilton Lands GP Inc., as General Partner for, LPF Hamilton Lands LP for the property at 75 James Street South, 44 Hughson Street South and 9 Jackson 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 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 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, (the Property), Hamilton was submitted by Fengate Hamilton Lands GP Inc., as General Partner for, LPF Hamilton Lands LP (the Applicant), the owner of the Property.

The development involves the construction of a 34-storey building with 616 residential condominium units, approximately 6,400 square feet of new commercial space and three hundred and 342 vehicle parking spaces. The existing office building at 44 Hughson Street South will be incorporated into the newly constructed building.

Prior to redevelopment, the Property served as a commercial parking lot and contained a four-storey office building (at the corner of Jackson Street East and James Street South) along with the aforementioned office building at 44 Hughson Street South.

Construction costs are estimated at \$210,000,000. The assessed value of the Property is estimated to increase from its preconstruction value of \$3,020,000 to \$122,430,000.

This will increase total annual property taxes generated by the property. The municipal share of this property tax increase (municipal tax increment) will be approximately \$1,508,346 of which 100% would be granted to the owner during year one, 75% or approximately \$1,131,259 in year two, 50% or approximately \$754,173 in year three and 25% or approximately \$377,086.50 in year four. The estimated total value of the Grant is approximately \$3,770,865. Note that each year's Grant payment is calculated based on the actual tax increment realized annually.

The previous and proposed use of the Property post-redevelopment are shown below for each building:

Pre Construction Photo



Source: Google Street View

Post Construction Photo



Source: Hi-Rise Group Inc.

Staff note that the subject site is currently municipally known as 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, Hamilton. Currently, the future address of the property upon completion of the planned development is unknown. Notwithstanding this status, and regardless of any future address assigned to the site, this Report and Staff's Recommendations shall, for clarity, apply to the site area as defined in Appendix "A" to Report PED25049.

Alternatives for Consideration – See Page 8

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 after the first year by 25%, based on the increase in the municipal portion of the taxes, post-redevelopment completion of 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, 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' \$6,033,384, of which the Applicant would receive a Grant totalling approximately \$3,770,864 and the City retaining taxes totalling approximately \$2,262,520.

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, 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.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Urban Hamilton Official Plan

The subject lands are municipally known as 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, and are identified as a Node on Schedule “E” – Urban Structure and designated as “Downtown Mixed-Use Area” on Schedule “E-1” – Urban Land Use Designations of the Urban Hamilton Official Plan. The subject lands are also located in the Downtown Hamilton Secondary Plan and designated “Downtown Mixed Use” with a Pedestrian Focus overlay. These designations promote a balanced mix of uses, including residential uses, at a scale that supports the development of a vibrant downtown.

Zoning By-law No. 05-200

The subject lands are zoned “Downtown Mixed Use – Pedestrian Focus (D2)” Zone and “Downtown Central Business District (D1)” Zone within the City of Hamilton’s Zoning By-law 05-200. These zones are found throughout the Secondary Plan area and permit a range of uses including retail, commercial and residential uses in a pedestrian and transit supportive built form intended to create vibrant areas with active street levels.

The planned use of the site is permitted.

Site Plan Control

The Site is subject to Site Plan Control. The development has received Site Plan approval (DA-19--174).

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, which prior to redevelopment served as a commercial parking lot and contained a four-storey office building (at the corner of Jackson Street East and James Street South) along with the aforementioned office building at 44 Hughson Street South, meets 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.

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.

SUBJECT: Revitalizing Hamilton Tax Increment Grant Program Application - 75 James Street South, 44 Hughson Street South and 9 Jackson Street East, Hamilton (PED25049) (Ward 2) - Page 7 of 8

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:

Grant Level:	100%	
Total Eligible Costs (Maximum)	\$210,000,000	
Total Pre-Project CVA:		
CT Commercial	\$1,116,000	
CT Commercial	<u>\$1,904,000</u>	
Total	\$3,020,000	Year: 2023
Pre-Project Property Taxes:		
Municipal Levy	\$70,172	
Education Levy	<u>\$26,576</u>	
Pre-Project Property Taxes	\$96,748	
Estimated Post-Project CVA:		
NT New Residential	\$120,620,000	Year: To be determined
CT Commercial	<u>\$1,810,000</u>	
Total	<u>\$122,430,000</u>	
**Estimated Year 1 Municipal Levy	\$1,578,518	
**Estimated Education Levy	<u>\$200,477</u>	
**Estimated Total Post-Project Property Taxes	\$1,778,995	

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) 2024 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 = \$70,172;
Estimated Post Project Municipal Taxes = Municipal Levy = \$1,578,518; and,
Municipal Tax Increment = \$1,578,518 - \$70,172 = \$1,508,346.

Year	Grant Factor	Tax Increment	Grant
1	100%	\$1,508,346	\$1,508,346
2	75%	\$1,508,346	\$1,131,259
3	50%	\$1,508,346	\$754,173
4	25%	\$1,508,346	\$377,086
Total		\$6,033,384	\$3,770,864

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 PED25049 – Location Map