



City of Hamilton Report for Consideration

To: Mayor and Members
General Issues Committee

Date: April 9, 2025

Report No: PED25089

Subject/Title: Leadership in Energy and Environmental Design Grant Application (LGP-24-01), 212 Glover Road, Hamilton

Ward Affected: Ward 11

Recommendations

- (a) That Leadership in Energy and Environmental Design Grant Application LGP-24-01, submitted by IKEA Properties Limited, owner of the property 212 Glover Road, Hamilton **BE APPROVED** for a Leadership in Energy and Environmental Design Grant not to exceed \$3,380,649.77 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 IKEA Properties Limited, owner of the property 212 Glover Road, 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 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.

Key Facts

- The purpose of this Report is to present the Leadership in Energy and Environmental Design Grant Application (herein referred to as the Application) for 212 Glover Road (herein referred to as the Site) and provide, among other things, Staff's analysis of the recommended Grant payment;
- Staff's recommendations implement the Council approved Leadership in Energy and Environmental Design Grant Program (herein referred to as the Program) and, if approved, provide the Applicant with a financial incentive to construct a sustainable Leadership in Energy and Environmental Design Gold building (herein referred to as Gold building); and,
- These recommendations align with Council direction and priorities, particularly Council Priority 1: Sustainable Economic and Ecological Development.

Financial Considerations

No new funding or staffing resources are required to implement any of the recommendations in this Report as the funding of the Grant is derived from the generation of municipal taxes from the development. As per the Program, the City may provide the Applicant with a Grant equivalent to 75% of the increase in municipal taxes up to the estimated eligible costs of \$3,380,649.77 or until five annual payments are provided, whichever comes first. Based on an estimated maximum potential annual Grant amount of \$547,636.20, the annual Grant payments are estimated to conclude in year five with a total achievable grant of \$2,738,181.00.

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 \$182,545.40 annually and \$912,727.00 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 \$730,181.60 annually for the remaining life of the development.

Background

Application and Planned Redevelopment

On December 6, 2024, an Application to the Program for the Site was submitted by IKEA Properties Limited c/o Todd Lisso.

The Site is located in the Red Hill South Business Park in Glanbrook. It is approximately 26.35 hectares (65.11 acres) and vacant. A site map is provided in Appendix A to Report PED25089, this Report.

The Applicant intends to achieve a Gold Certification for the planned redevelopment, which includes a 44,898.7 square metre warehouse with 1,942 square metres of office and accessory retail space.

Leadership in Energy and Environmental Design Grant Program and Leadership in Energy and Environmental Design Certifications

The Program is intended to provide an economic catalyst for sustainable building and land development practices by cost-sharing (50%) in the assumed incremental costs required to achieve a Leadership in Energy and Environmental Design certification by the Canada Green Building Council (herein referred to as the Certification).

The Certification process is an independent, third-party verification with the goal of achieving one of four ratings of Certified, Silver, Gold or Platinum. Points are earned for incorporating “green” building strategies and improvements (in this context, they are typically above the baseline associated with the Ontario Building Code) in the six areas of human and environmental health as discussed below in the Analysis section.

Urban Hamilton Official Plan

The subject site is identified as “Employment Area” on Schedule “E” – Urban Structure and further designated “Business Park” 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 Prestige Business Park (M3), which permits a warehouse use.

Site Plan Control

At the time of writing this Report, the planned development has received Conditional Site Plan Approval (DA-23-014).

Analysis

The subject site is located within the Hamilton LEED’ing the Way Community Improvement Project Area By-law 08-213, as amended. The Applicant is intending to achieve a Gold Certification and is therefore eligible for a Grant that is equivalent to 2.5% of the overall construction cost of the proposed development.

As with all certifications achieved under Canada Green Building Council’s Leadership in Energy and Environmental Design program, the Applicant will be required to meet an established threshold, with the intention of delivering a high-performing and resilient building that also achieves a carbon emissions reduction. The planned Certification for

this proposal includes the following (note specific building strategies and improvements may be subject to change during construction and through the certification process):

- **Site Development:** using an Integrative Process approach, the Applicant is implementing an electric vehicle work fleet and chargers, a monitoring construction activity pollution prevention program and protecting/restoring habitat strategies (e.g. plant species appropriate for the ecoregion and site conditions). Rainwater management has also been designed for retaining the 80th percentile of local rainfall events;
- **Water Efficiency:** over 40% indoor water use reduction through low flow plumbing fixtures (and additional water sub-meters for added monitoring). Outdoor water reduction has been achieved through a no-irrigation plan and use of native drought-tolerant species;
- **Energy Efficiency:** the building is fully electric, and its greenhouse gas emission intensity is 2kgCO₂/m² without accounting for the solar array being installed, which would achieve, in effect, a zero-greenhouse gas emissions intensity, equivalent to a zero carbon building. This is achieved through many upgrades being proposed including the enhanced pre-cast walls, roof insulation, windows and overhead doors all with improved R-values, a geothermal exchange field among other improvements;
- **Material Selection:** conducted a life cycle assessment of the structure and enclosure demonstrating a minimum of 10% reduction in material (compared to a baseline building). Additionally, among other requirements related to specific material ingredients and sourcing, the Applicant is targeting the use of 30% recycled content and targeting a 75% waste diversion rate from the landfill for construction waste;
- **Indoor Environmental Quality:** enhanced indoor air quality strategies will be pursued including high efficiency filtration media, pollutant source control and low emitting material selection; and,
- **Innovative Design:** among other things, incorporating a triple bottom line cost-benefit analysis.

The Program assumes a corresponding increase in total construction costs of 5% for developments intending to achieve Gold. The City's share of this increase, per the Program, is 50% of the assumed increase or 2.5% of the total construction cost. The Program also permits the addition of the soft costs associated with achieving the Certification including, but not limited to, energy modelling, consultant fees and Certification costs.

Therefore, the maximum Grant, based on eligible costs, is estimated at \$3,380,649.77 consisting of the following:

- \$3,320,613.20 representing 2.5% of the estimated overall construction cost for the development of \$132,824,544.00; and,
- \$60,036.57 representing 50% of estimated eligible soft costs of \$120,073.14.

Prior to any Grant payment being issued, the Applicant will be required to provide the following:

- Confirmation that eligible costs under this Program have not been the subject of any other financial assistance;
- A Quantity Surveyors report to confirm the final (actual) construction costs with supporting documentation for the eligible costs, which will be audited by Staff. The supporting documentation can be audited by a third party at the discretion of Staff, which will be at the Applicant's expense; and,
- Confirmation of the achievement of the Gold Certification from the Canada Green Building Council. The Grant will not be issued if the intended Gold Certification is not achieved (i.e. a lower certification or no certification is achieved), while an achievement of a Certification greater than Gold (i.e. Platinum) will require a revised recommendation report to Council to increase the eligible Grant maximum in accordance with the Program terms for Council consideration.

Note, a Council approved Grant payment is not issued until the construction of the proposed development is completed and the Applicant has paid one full calendar year of taxes, at which point the estimated Grant payment, provided in this Report, will be finalized in accordance with the actual taxes paid and the uplift in municipal taxes confirmed.

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. The below helps distinguish between the maximum permitted Grant (based on eligible costs) and the maximum achievable Grant given the details of the proposed development and the Program requirements.

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| Annual Grant as a percentage of annual municipal tax uplift: | 75% | |
| Total Estimated Eligible Costs (Maximum): | \$3,380,649.77 | |
| Pre-project Assessment (IX-Vacant industrial Land): | \$12,250,000.00 | Year: 2024 |
| Municipal Levy: | \$400,645.60 | |
| Education Levy: | \$107,800.00 | |
| Pre-project Property Taxes | \$508,445.60 | |

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| Estimated Post-project Assessment (CT-Commercial): | \$52,503,000.00 | Year: 2024 |
| Estimated Municipal Levy: | \$1,130,827.20 | |
| Estimated Education Levy: | \$462,026.40 | |
| Estimated Post-project Property Taxes: | \$1,592,853.60 | |
| Estimated Annual Municipal Levy Increment: | \$730,181.60 | |
| Estimated Annual Grant (75% of increment): | \$547,636.20 | |
| Total Estimated Achievable Grant (the total, distributed over a maximum of five Annual Grant payments): | \$2,738,181.00 | |

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.

Legislated Requirements

Municipal financial incentive program required to be enacted through a Community Improvement Plan must be established in accordance with Section 28 of the *Planning Act*.

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 that will specify the obligations of the City and the Applicant and will be prepared in a form satisfactory to the City Solicitor.

Alternatives

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

Relationship to Council Strategic Priorities

Staff's recommendations support the following key Council priority:

1. Sustainable Economic and Ecological Development
 - 1.1. Reduce the burden on residential taxpayers.
 - 1.2. Facilitate the growth of key sectors.
 - 1.3. Accelerate our response to climate change.
 - 1.4. Protect green space and waterways.

Previous Reports Submitted

- Not applicable.

Consultation

- Irwin Sampat, Tax Assessment and Appeals Advisor, Finance and Corporate Services Department;
- Lana Papp, Law Clerk, Finance and Corporate Services Department; and,
- Christine Kempton, Business Administration, Finance and Corporate Services Department.

Appendices and Schedules Attached

Appendix A: Site Location Map

Prepared by: Johnpaul Loiacono, Senior Planner
Planning and Economic Development Department, Economic
Development Division

**Submitted and
recommended by:** Norm Schleeahn, Director
Planning and Economic Development Department,
Economic Development