



City of Hamilton Report for Consideration

To: Chair and Members
General Issues Committee

Date: May 21, 2025

Report No: PED25142

Subject/Title: Grant for the Centenary Methodist Church to
Establish a Mid-Sized Performance Venue, 24 Main
Street East

Ward(s) Affected: Ward 2

Recommendations

- 1) That the conditional Grant for The Trustees of the New Vision Congregation of the United Church of Canada, owners of the property 24 Main Street East, **BE APPROVED** for \$900,000, funded from the Economic Development Initiatives Capital Project (3621708900), subject to the following terms:
 - a) The Music Hall Alliance, sole lessors of 24 Main Street East, demonstrating that they have executed a lease agreement with The Trustees of the New Vision Congregation of the United Church of Canada to the satisfaction of General Manager of Planning and Economic Development;
 - b) The funds are used for the payment of structural repairs, hazardous abatement works and other related works necessary for the conversion of the former sanctuary space into an approximate 1000 occupant performance, event and community space;
 - c) The Trustees of the New Vision Congregation of the United Church of Canada and The Music Hall Alliance enter into a conditional Grant Agreement with the City of Hamilton that gives the City the option to lease, at a reduced or nominal cost, some or all of the portion of the building excluding the sanctuary space and lobby space, for various community and staff events;

- d) The eligible works for this Grant as outlined in (b), are not eligible toward works for construction costs related to any future City of Hamilton Heritage Grant Programs;
- 2) That the General Manager of the Planning and Economic Development Department **BE AUTHORIZED** and **DIRECTED** to execute the conditional Grant Agreement with any ancillary documentation required, in a form satisfactory to City Solicitor which shall address, at minimum, the following:
- a) The construction start date and term length of the conditional Grant Agreement;
 - b) The milestone requirements for the release of Grant fund payments (tranches) and the required documentation to provide for the release of each tranche;
 - c) The requirements for Property All Risk Insurance;
 - d) The requirements for monthly construction reporting and annual reporting requirements for programming following the completion of construction;
 - e) Venue booking commitments for City events and for events aligned with the Music Hall Alliance's Business Plan and Community Use Plan;
 - f) Any other terms as required by the General Manager of Planning and Economic Development in their sole discretion.

Key Facts

- The purpose of this Report is to present a \$900,000 Grant recommendation to support the payment for structural repairs, hazardous abatement works and other related works necessary for the adaptation of the former sanctuary space of the former Centenary Methodist Church (now known as the New Vision Church) into a 994-occupant performance, event and community space. The rehabilitation of the entire space is estimated at \$4,666,000.
- The former Centenary Methodist Church was built in 1868 and this Grant assisted in the preservation of an architecturally significant space in downtown Hamilton.
- The Music Hall Alliance have a clearly articulated business plan that includes operating a music venue in addition to rehabilitating former office space to be used as a cultural community space, which would focus on finding opportunities benefitting equity deserving groups.

- The need for a mid-sized music venue in the City (i.e. a venue with 500-1,000 occupant capacity) was identified in the 2013 Music Strategy, the 2024-2028 Tourism Strategy and captured as a Stretch Target in the City's 2016-2020 Economic Development Action. The recommended investment will provide the needed space to support large-scale events and the future bids for those events.
- Direction to investigate this conditional Grant recommendation was provided by Council on February 14, 2024.

Financial Considerations

No new funding or staffing resources are required to implement any of the recommendations in this Report as staff are recommending that the proposed Grant be funded from existing resources currently allocated to the Economic Development Division.

Staff are recommending that the City grant the New Vision Church and the Music Hall Alliance \$900,000 in three tranches. The initial tranche of \$300,000 is to be advanced at the start of the project, following the execution of a conditional Grant Agreement and receipt of the final construction work plan to allow for the required construction deposits and to initiate the work. The second tranche is to be advanced following receipt of copies of the paid invoices from the previous tranche, and a report/schedule of the project costs to date and the estimated remaining project costs, less a 10% hold back. The third tranche is to be advanced following receipt of the previous invoices from the second tranche, and a report/schedule of the project costs to date and estimated remaining project costs, less a 10% holdback. The holdback should be released upon receipt of the final paid invoices and within 60 days of completion of the project.

The Grant would come from the City of Hamilton's Capital Economic Development Initiatives Project Account (3621708900).

Background

A motion was brought forward at the January 17, 2024 General Issues Committee to support New Vision Church, owners of 24 Main Street West (the site of the "Music Hall" venue), along with the Music Hall Alliance, the intended lessor and operator of the Music Hall, for a \$900,000 grant request to fund the construction of specific renovation works to allow the Music Hall to operate a mid-sized music venue (at full capacity legally and safely), in exchange for providing a space that would provide significant community benefit.

The subject site contains a heritage designated building that is owned by the United Church of Canada. It was formerly the Centenary Methodist Church built in 1868. New Vision Church currently occupies the building where they congregate on Sundays in the

lower hall of the building. They also continue to conduct community outreach that is focused on assisting newcomers to Canada.

This building has also been operating as a music venue for smaller acts for the last seven years through New Vision Church and with the support of local promoters. However, New Vision Church does not have the expertise or the capacity to continue their outreach programs and to operate the building, which has become an important live-music venue for the City of Hamilton. Therefore, New Vision Church has partnered with the Music Hall Alliance, an incorporated, not-for-profit music presenter and venue operator, for cultural performances.

The Music Hall Alliance will be the sole lessor of the building to continue the venue operations as the Music Hall. It has presented a long-term vision for the space, which includes the development of a mid-sized music venue with a capacity of 994 occupants along with multipurpose spaces for workshops, rehearsals and more intimate sized performances. There are also plans for additional multi-functional spaces including meeting rooms and event spaces, and other capital projects like new elevators.

City staff are recommending approval of the conditional Grant of \$900,000, issued in three tranches of \$300,000 each subject to receipt of an executed lease agreement, an executed conditional Grant Agreement, receipt of a final construction plan and schedule, and the required receipt of copies of the paid invoices and a report/schedule of the project costs before each tranche is advanced.

To continue to grow live music and the nighttime economy as a whole within the City, there is a need for mid-sized music venues (those with 500-1,000 occupant capacity) to provide additional space for large-scale events and to serve as a platform for the development of emerging artists and their audience base. The City identified this need in the 2013 Music Strategy, it was reiterated in the recent development of 2024-2028 Tourism Strategy, and was captured as a Stretch Target in the City's 2016-2020 Economic Development Action.

The intention of the Music Hall is to be an inclusive space, in part, by providing a space for underrepresented artists and by acting as a music incubator by providing artists in the City with performance space that may not otherwise be available to them. The intention is that this will strengthen the connections between artists and audiences and ultimately the success of the Music Hall and burgeoning music scene in the City. This will be an extension of the work New Vision Church is already doing in the community, aligning with City Council's expressed interest in the future of this space. Additionally, through the conditional Grant Agreement for the \$900,000, staff will be securing the right for the City to use the Music Hall. The future conditional Grant Agreement will speak to this arrangement.

At the General Issues Committee and the February 14, 2024, Council meeting, City Council requested a "Community Use Hub", which was not in the original plans prepared by the Music Hall Alliance. As will be noted in detail below, the Music Hall

Alliance has envisioned this to be, in part, a community space, which is detailed in their Community Use Plan attached as Appendix C to Report PED25142, to this Report.

Request for City Funding

A motion was approved by Council on February 14, 2024, relating to the issuance of a conditional Grant, that required City staff to report back on the following:

- (i) Verification of the need for a 1000 seat arts and cultural hub in the City of Hamilton including a benchmark review of similar venues in other municipalities, and the funding and operational models in use;
- (ii) A thorough evaluation of New Vision's business case including a complete financial review of the viability of the project and the competency and expertise of the proponents as required to successfully deliver the proposed arts and cultural hub without ongoing City subsidy;
- (iii) Confirmation of the total City financial and staffing investment required, including the initial \$900,000 capital request, subsequent \$3M capital funding referred to the 2025 capital budget, \$100,000 in initial operational funding, subsequent annual operating funding and any other City funding or subsidy requests and a review of all past City investments and commitments to New Vision;
- (iv) Recommendations for all City funding including appropriate sources through a review of departmental budgets, reserve accounts and long-term tax budget impacts;
- (v) Investigation of private investment opportunities and potential for-profit private partnerships for rehabilitation funding, fractional ownership investment and leveraging of industry expertise and financial support;
- (vi) A review of the ownership structure and security of City's investments, in the event that the property is sold by the owner; and,
- (vii) Inclusion of all previous staff reports on this matter as background information for new members of Council.

City staff have received the necessary documentation from the Music Hall Alliance to assess the above and have provided further discussion in the Analysis section of this Report.

Project Budget

The full capital project of the Music Hall is proposed to occur over two distinct renovation blocks. The entire project budget that includes both renovation blocks is estimated by the Music Hall Alliance to be over \$4 million.

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The \$900,000 request will allow the Music Hall Alliance to complete the first renovation block to get the building in a state for the safe and legal operation of the building at full capacity (i.e. 994 occupants). The Music Hall Alliance have already raised \$220,000 to fund the following work:

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| • Structural Reinforcement of main sanctuary floor including environmental abatement measures including demolition and restoring lower-level walls and ceiling to usable state; | \$850,000 |
| • Raising the railing height on the balcony for safety, while preserving the protected heritage feature; and, | \$150,000 |
| • Building the smaller presentation spaces as well as the multi-functional and training spaces, meeting rooms and communal areas. | \$120,000 |

Total Capital Required	\$1,120,000
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Following the completion of the above work in the first renovation block, the Music Hall intends to work on the second renovation block when more funds become available, which is estimated to cost \$2,843,000 and includes the following:

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| • Auditorium Ventilation & Electrical Service Upgrade; | \$635,000 |
| • Auditorium Plaster Repair & Water Supply to Auditorium; | \$138,000 |
| • New Elevator; | \$486,000 |
| • New Washrooms; | \$347,000 |
| • Flooring & Room Finishes, Miscellaneous; | \$488,000 |
| • Project Management, Fees & Other soft costs; | \$220,000 |
| • Construction Contingency (5%); | \$165,000 |
| • Design Contingency (2.5%); and, | \$83,000 |
| • Projected escalation (11%). | \$281,000 |

*NOTE: the above estimates were calculated in June 2022 and therefore \$281,000 (11%) has been added for the projected escalation in costs. The Music Hall Alliance

intends to get a new cost estimate once they have a better understanding on a construction start date (i.e. when funding for the first renovation block is available).

To date, a total of \$703,120 has been invested in the project, with most of the money coming from the United Church of Canada and New Vision Church (\$553,000). The remaining funds have come from public donations (\$55,000), concerts and events (\$25,000), and other granting agencies (\$70,000). As smaller events continue to take place, the Music Hall Alliance's reserves are increasing, and they are actively reaching out to private donors. The work and expenses incurred to date are as follows:

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| • Planning/studies (feasibility, business case, environmental, historical); | \$111,700 |
| • Design, Engineering, Architectural Fees, Management Services; | \$300,000 |
| • Capital Works (Stage, Heritage, Fire Compliance, Demolition, etc.); | \$111,300 |
| • Administration, Incorporation, Fundraising, Consulting, Business Planning; and, | \$50,000 |
| • Additional Investments (Operations, Cost of Hosting Events, Overhead). | \$130,000 |

Cultural Community Hub

The above project budget includes the capital costs associated with the two renovation blocks contemplated by the Music Hall Alliance. The Music Hall Alliance, when preparing this work for the grant, prepared a Community Use Plan as part of their intention to be an important space for marginalized and racialized groups in the community for cultural activities and as part of their plan to be a music incubator in the City.

As part of the first phase of renovations, the Music Hall Alliance is focused on getting the Music Hall into a state to operate at full capacity, as soon as possible. The aspects of the community and cultural spaces are part of this first phase and will continue to improve with the phase 2 renovation works contemplated.

Analysis

This section responds to each direction received in the above noted motion.

Note that each direction is responded to in subsections below, however any part of the direction to staff that specifically relates to the Community Use Hub is discussed in a separate subsection of the Analysis as it is not part of the works related to the Grant.

- (i) **Verification of the need for a 1000 seat arts and cultural hub in the City of Hamilton including a benchmark review of similar venues in other municipalities, and the funding and operational models in use;**

An identified need for a mid-sized performance venue

For the purposes of this R2eport, a mid-sized music venue has a capacity of 500-1,000 occupants.

The City of Hamilton has a rich cultural history relating to music and the arts, which is directly impacted by the number and variety of creative spaces available within the City. Hamilton's current inventory of active music venues includes (but is not limited to):

Venue	Capacity	Description	Ward
Bridgeworks	450	Live music	2
Mills Hardware	150	Live music	2
Stonewalls	300	Restaurant featuring live music	2
Vertagogo	220	Live music	4
The Mule Spinner	150	Live music	3
Doors Pub	75	Restaurant featuring live music	2
First Ontario Concert Hall	2,200	Soft seat, live music, performance art	2
The Studio	400	Live music, performance art	2
The Gasworks	180	Live music, performance art	2
Hamilton Arena	18,500	Currently under renovation	2
The Corktown Pub	300	Restaurant featuring live music	2
The Westdale	340	Soft seat, live music, performance art, cinema	1

The Playhouse	280	Soft seat, performance art, cinema	3
The Zoetic Theatre	390	Live music, performance art	7
The Staircase	125	Performance art focused	1
McIntyre Performing Arts Centre	1,029	Soft seat, performance art focused	8
Theatre Aquarius	750	Soft seat, performance art focused	2

To continue to grow live music and the nighttime economy as a whole within Hamilton, there is a need for mid-sized music venues to provide additional space for large-scale events and to serve as a platform for the development of emerging artists and their audience base. This is especially true as bids for events, like the recently awarded 2026 Junos, are available to the City.

The City's 2013 Tourism Strategy identified four goals, one of which was to "increase access to music experiences". The Objectives associated with this goal included providing new music opportunities and live music throughout the City and encouraging a diversity of music venues. This built off the Background Report (2013) to the strategy that identified a number of weaknesses in the City's music scene specifically highlighting the "lack of mid-sized facilities and appropriately sized venues for performance (music) use" (i.e. performance spaces that could accommodate up to 1,000 occupants). This concern was picked up in the City's 2016-2020 Economic Development Action Plan when the City, for the first time, fully integrated Tourism and Culture into an Economic Development Action Plan. A Stretch Target was therefore established to secure "a new 800-1,200 seat multi-use performance centre."

More recently, the City just updated its Tourism Strategy. This strategy too recognises the City's gap in options for mid-scale venue offerings, analysing the gap from a major's events perspective that could host a thousand or so spectators in order to capitalize on major events that could otherwise pass over the City.

Bringing the Music Hall online will also provide a platform for the development of emerging artists and their audience base, while serving as an artistic community hub that will foster connection, collaboration and strengthen the sector as a whole. While the facility has the potential capacity of 994 attendees, the space can be operated at half that capacity without appearing vacant. This allows local groups and musicians to successfully grow into the space at full capacity. Many local musicians have noted a lack of available venues for performance and have gone outside of the City to grow their careers. The Music Hall has the potential to serve the younger, burgeoning artists, who need a smaller venue that doesn't focus on alcohol sales (or that is a for-profit venue).

Industry Reports

The Music Strategy (2013) has not been officially updated since 2013, however, there have been two important industry reports that continue to underscore the need for a diversity of music venues including a mid-sized offering in the City: Nordicity's Re: Venues: A Case for Hamilton's Live Music Industry dated May, 2020 (the "Nordicity report") and Sound Diplomacy's Hamilton Music Industry Study, Sound Diplomacy dated September 2021 (the "Sound Diplomacy report"). The City was involved in each report and was specifically a partner in the Sound Diplomacy report (along with others including Supercrawl Productions, the Hamilton Chamber of Commerce, Hamilton Public Library, FACTOR, and Ontario Creates). The Sound Diplomacy report was intended to serve as the groundwork for a new music strategy for the City. These reports acknowledged that music is being more frequently consumed through online streaming, however, they stress the importance of the live music experience. A quote from the Nordicity report: "Without venues, the entertainment clusters and density cannot grow, quality of life cannot increase, artists careers cannot be maintained, and a city cannot attract and retain more cultural workers. There is value in supporting the longevity of venues, for the growth of not only the music ecosystem, but Hamilton as a city".

The Nordicity Report identified challenges in the City's music industry that could impede the success and growth of it including growing artists audiences, rising property values, retaining and training music labour force and the availability of venues to accommodate for a range of artists. This project positively contributes to addressing these challenges. A range of music venues is important to permit different genres and acts, and appropriate rehearsal and recording spaces. If the right venue is not found (i.e. "size, level of (in)formality, vibe, sound quality"), an artist may choose to play at another venue outside the City. The vibe, sound and informality of a place cannot be overstated. For example, while the City technically has two other mid-sized venues in Theatre Aquarius and the McIntyre Performing Arts Centre, many music acts do not perform there because it is geared toward a specific spectator (plays, orchestras or the performance arts crowd) because of characteristic like the seating arrangements, plush/soft seating, cost etc.

Finally, with regard to the issue of rising property values, it is unlikely a new venue as proposed by the Music Hall Alliance would be built today or in the near future due to the financial costs of building new. What is unique to this scenario that makes a relatively small investment work (in comparison to the investment needed for a new build), is not only the location (which will be discussed in more detail below) but also a willing landowner to lease such a large space that is already established as a viable music venue, which is available at a fee that allows the Music Hall Alliance's proposal to work.

The need for a venue Downtown

Staff also wanted to provide some discussion on the importance of the location being Downtown. The impact of the Music Hall will affect more than the City's music

ecosystem. While live music venues are the central piece to the overall music ecosystem, they also contribute positively to a thriving urban centre, to a strong quality of life and to the tourism industry. These positive effects of the Music Hall are important particularly given the recently noted concerns by the public and business owners in the City who have expressed concerns about Downtown relating to the lack of vibrancy, concerns with cleanliness, homelessness and with safety. When the need for a mid-size venue was identified by the Music Strategy (2013), prior background work around the City's Cultural Policy (2012) and the Culture Plan (2013) emphasized the importance of the cultural industries to the City's economy and to Downtown revitalization. Over 10 years later, and now post pandemic, these concerns over the state of Downtown have resurfaced so the location of this venue, and its potential contribution to Downtown's revitalization, is of importance and the timing of this is important as the City embarks on the 10-Year Downtown Revitalization Strategy.

The location is also accessible and surrounded by ancillary and complementary services like retail stores, restaurants, and hotels. It is abutting the future downtown entertainment precinct, across from the MacNab Transit Terminal and within walking distance of the Hamilton GO Station and the future LRT line, which are critical to allow patrons to efficiently get to the venue without the requirement for a vehicle. Together, the concentration of the restaurants, retail and other attractions create an urban destination that is important for Downtown. Additionally, this central location is also important because this venue is there with the intention to serve underrepresented groups and the music industry workers. For example, Wards 1, 2 and 3 in the City have the highest concentration of venues and of workers that are employed in this industry in the densest concentration of cultural space in the City.

From a tourism perspective, a mid-sized venue in the Downtown, within walking distance of hotels, restaurants, and conference facilities allows the City to continue to attract large, hosted events that have significant economic impact. In 2023, Hamilton hosted the Canadian Country Music Awards and related Country Music Week festivities, during which the city saw an economic impact of approximately \$11.2 million, including over \$1.2 million in tax revenue and \$6.6 million in direct business spend. Approximately 80% of attendees travelled from outside of the region to attend events relating to Country Music Week, and the Music Hall played a key role during that time. The Juno Awards has an economic impact of approximately \$12 million for the host community. To continue to bid on these large scale, high impact host opportunities, the City needs to stay competitive and ensure venues are available in all shapes, sizes and backgrounds.

The City is also focusing on the development of its night-time economy. "The night-time economy is an important economic driver as it builds capacity in destinations, expands business offerings, and brings vibrancy to cities often dark and unanimated times of day" (2024-2028 Tourism Strategy). With less office and commercial employees Downtown, particularly after 6 pm, the public's concerns with lack of safety are amplified. The Music Hall can help contribute by attracting concerts that take place in

the evenings increasing the number of patrons Downtown that also attend other events and restaurants Downtown.

Similar Venues in other Municipalities

Staff have connected externally with the Music Office network, which meets on a bi-monthly basis to discuss best practices, challenges, and policy trends, in an effort to gain knowledge on past municipal practices relating to financial support for the restoration of a privately owned building for cultural purposes. The discussion below are some examples of funding. The Music Office Network municipalities consist of Toronto, Kingston, Mississauga, London, Ottawa, Kitchener, and CION (Northern Ontario).

City of Toronto

The City of Toronto provided a loan guarantee to the Hugh's Room Live group, not exceeding \$2.2 million, for a music and cultural-oriented community centre for the purchase of a privately owned church. Hugh's Room had a considerable amount of history in the live music scene in Toronto and is a registered charity. The previous Hugh's Room had closed pre-pandemic due to a steep lease increase. One of the conditions of the loan guarantee included that Hugh's Room Live demonstrate that they could secure some of the capital without the assistance of the City of Toronto. At the time of the writing of the motion for the loan guarantee in 2022, it was noted that Hugh's Room Live had confirmed more than \$2.2 million in donations and vendor take back loans.

City of Kingston

The City of Kingston shared that they did not have examples of private enterprise funding. However, in support of the creative industries, they have aided by reducing the cost to lease City owned spaces (note: the City of Hamilton has entered into a reduced lease agreement with Sonic Unyon for the Bridgeworks site located at 200 Catharine Street North).

However, City of Kingston staff provided one example of funding they took part in that involved public school boards, which included \$630,000 to facilitate the partnership between the City, the French Catholic and French public school boards to allow for community access to the new school and its outdoor campus. The money was provided for some of the uncompleted portions of the project including the multi-use recreation field and landscaping work. The partnership allowed public access to the school's outdoor areas outside of school hours, and, through a booking system, the indoor theatre and gym for a 20+ year period.

It is noted that 85% of the required municipal funding would be funded through Kingston's development charges, with the remaining 15% to be covered by the Municipal Capital Reserve Fund.

City of Barrie

The City of Barrie provided a \$68,000 loan to the Theatre at the Bay following post pandemic financial challenges. Theatre by the Bay is a theatrical productions company with the goal of growing the Simcoe County arts community. The loan is to be paid back by 2029. There are also other options for additional City funding through the Arts and Culture Investment Fund granting process of the City's theatre reserve.

City of Greater Sudbury (outside of the Music Office Network)

The Knox Presbyterian Church was purchased by private entrepreneurs with the goal of transforming the church it into an arts space, now known as Knox Hall. The former church provides space for recording services, live performances, and live theatre. The total cost of the renovation was estimated at \$609,240. This project accessed municipal funding through the City of Sudbury's Strategic Core Areas Community Improvement Plan that included two grants totalling \$89,489. The first payment was \$59,454 for the Phase 1 work and a second grant of \$30,035 was provided for the Phase 2 work. Some of the work included the installation of a new fire alarm system to increase their occupant capacity and the removal of the pews for new auditorium seating.

City of Hamilton example: Ancaster Memorial Arts and Culture Centre

The City of Hamilton funded a "creative hub" in 2019 that supported the transformation of the former Ancaster Memorial School into a 450-seat capacity venue now known as the Ancaster Memorial Arts and Culture Centre. The hub is located at 357 Wilson Street East in the Ancaster Village Business Improvement Area. This was completed in partnership with the Ancaster Society for the Performing Arts. The hub provides affordable creative space for arts and heritage organizations, artists, cultural entrepreneurs and community organizations across the City.

The City purchased the surplus school and lands in 2014 with the intention for redeveloping it into a theatre arts centre. The project had support from local stakeholders, which included residents, business owners, political representatives and the community arts administrators who identified the issue of deficient arts space in 2012.

Below is a table with the breakdown of the various funding sources for the Ancaster Memorial Arts and Culture Centre:

Funding Source	Amount	Percentage of total funding
Private Note: \$1M non-interest-bearing loan from Investment Stabilization Reserve as community contribution in the form of naming rights will be donated at \$100K a year for 10 years. The intention is for the equivalent \$1M to be loaned from Investment Stabilization Reserve immediately to fund the project, with naming rights revenue being used to repay the Investment Stabilization Reserve.	\$5,000,000	23%
Area rating charges	\$4,738,333	22%
Land Sale	\$2,790,000	13%
Unallocated Capital Reserve	\$2,738,334	12%
Federal Gas Tax	\$2,738,333	12%
Ancaster Reserve and Ancaster Councillor Priority Roads funding account	\$1,910,000	9%
Federal Subsidy	\$1,500,000	7%
Early Years Reserve	\$500,000	2%
Capital Levy	\$100,000	0%
Total	\$22,015,000	

- (ii) A thorough evaluation of New Vision's business case including a complete financial review of the viability of the project and the competency and expertise of the proponents as required to successfully deliver the proposed arts and cultural hub without ongoing City subsidy;

The submitted Business Plan, attached as Appendix B to PED25142, this Report, provides a Non-Capital Operating Budget Forecast. The main sources of revenue for the Music Hall Alliance will come from the rental of the main space (sanctuary) for the purpose of live events, which are broken down into three categories: small and large local acts and a third category of large touring acts. It is estimated that the shows will net the Music Hall Alliance \$1,500, \$2,500 and \$3,500 per show, respectively. In addition, revenues will also be generated from other spaces in the building including rental of space for rehearsals, filming and other rental fees, reception events, equipment rental fees, concessions sales etc., along with sponsorship, advertising and other operational grants (e.g. Ontario Creates Trillium etc.). The table below shows the expected annual surpluses starting with the construction year (the Spring/Summer of 2025, following receipt of the Grant), followed by the next three full operating years.

Category	Construction Year (not a complete year)	Full Operating Year 1	Full Operating Year 2	Full Operating Year 3
Revenue	\$258,500	\$573,550	\$636,450	\$695,150
Expenses	\$241,608.20	\$515,181	\$632,383	\$651,205.5
Annual Surplus	\$16,891.8	\$58,369	\$4,067.00^	\$43,994.5
Cumulative Cash Balance	\$16,891.8	\$75,260.80	\$79,327.80	\$123,272.3

^Reduced annual surplus due to the balloon payment to be made per the rental contract for the audio equipment.

The Music Hall Alliance has demonstrated that they will be cashflow positive, through the first three years following the first renovation block after all expenses are accounted for, including their rental lease, all audio equipment rental fees and the ramp up in staffing expenses as more events take place. It is City staff's opinion that they are slightly underestimating their revenue per show, which means they could be achieving higher revenues into the future as they are established.

Expertise and established relationships

The Music Hall Alliance has no ownership interests and operates for the public benefit. The Music Hall Alliance is governed by a board of directors, elected by the Music Hall Alliance members. The board of directors includes industry veterans who have insight into the City's music economy and who oversee the organization's operations and are responsible for strategic planning, policy setting and financial management. An Advisory Board is also established to provide expertise and guidance to steer the organization. The Advisory Board is made up of individuals with experience in live music presenting,

non-profit management, human resources and fundraising. A Management team will be hired once the venue is fully operational.

The Music Hall has a history of hosting live events and by doing so, strong working relationships with local promoters have been established. The Music Hall Alliance will continue those working relationship with promoters like SuperCrawl Productions/Sonic Unyon Recording Company and other promoters and producers such as Lou Molinaro, Tim des Islets (Noisemaker Productions), Tom Dertinger and Brodie Schwendiman. These promoters or producers have all presented shows at the Music Hall already and they intend to continue to do so. With the established relationships and experience already hosting events at a smaller scale at the Music Hall, it is staff's opinion that the expertise and relationships are in place for a successful venue operation.

Within the Live Performance sector (which encompasses festivals, celebrations, and performing arts), Hamilton has seen job growth of 6.14% and an increase in GDP of 17.60% since 2020, and the community is responsible for approximately 6% of the province's Live Performance GDP and 2% of the provinces Live Performance jobs (Creative Cities Network of Canada, Cultural Statistics Strategy Program). It should, however, be noted that dedicated music venues continue to experience challenges as attendee numbers have not yet returned to pre-pandemic levels; audience sentiment is creating market dysfunction within the sector, leading to less willingness to purchase tickets for an act someone is unfamiliar with and resulting in a greater need for audience development platforms. Within the business plan from the Music Hall Alliance, it references a focus on artist development through educational programming potentially offered in partnership with the City and other local organizations, which could serve to strengthen local creative industries and encourage greater collaboration throughout our community.

Adaptable and Flexible Venue

Venues that haven't closed because of hardship experienced over the pandemic are still facing a crisis, and so having a venue that is adaptable and flexible in its ability to accommodate a variety of live music events (including rehearsal space and education etc.) and in its organizational structure is important for success.

A study was completed for the Canadian Live Music Association (CLMA) in 2023, which provided the following information on an ideal live music venue in the Ontario context:

- Stable, sustainable, and disaster-proofed;
- Accessible for new live music workers to enter (including access to training, mentorship, awareness, and equal access to opportunities);
- Equitable and fair for workers from all backgrounds, genders, ages, and abilities;

- Open and inviting to people from all backgrounds, genders, ages, and abilities; and,
- Supportive and safe

The Music Hall will host large touring acts and allow for the flourishing of smaller local community acts and serve as a music incubator through its planned educational and diverse programming components. As described in their Business Plan, this venue will be built, in part, off the establishment of strong local relationships, community engagement and being an affordable and accessible music venue. This will help for a predictable revenue stream and help attract new artists and patrons thereby growing the City's music economy.

The Music Hall will start as a small, self-sustaining venue and take advantage of its ability to operate with a reduced overhead. Given it is run by a non-profit organization, it can more easily grow at a pace that allows it to respond to audience interest as it grows the established music industry relationships already in place and forms new partnerships. As noted in the music industry reports, like the Nordicity Report and Sound Diplomacy Report, the City of Hamilton's music scene is rebuilding, and this project is an important piece to this rebuild particularly given the difficult financial situations that many venues are in.

With regard to the direction in this part of the motion concerning the need for an ongoing subsidy, staff have included that discussion in the next direction (iii) below.

(iii) Confirmation of the total City financial and staffing investment required, including the initial \$900,000 capital request, subsequent \$3M capital funding referred to the 2025 capital budget, \$100,000 in initial operational funding, subsequent annual operating funding and any other City funding or subsidy requests and a review of all past City investments and commitments to New Vision;

The total City investment being requested at this time is \$900,000 to allow the Music Hall to be up and running at full capacity (this is the work associated with renovation block 1). This also includes the Music Hall Alliance's intended programming around their goals of equity diversity and inclusion. The Music Hall Alliance has no intentions to come back to the City for additional funds to fund future renovation work associated with renovation block 2.

(iv) Recommendations for all City funding including appropriate sources through a review of departmental budgets, reserve accounts and long term tax budget impacts;

The City's Capital Economic Development Initiatives Project Account (3621708900) has sufficient funding for the \$900,000 Grant. There is no intention to access reserve accounts and there are no long-term tax budget impacts.

Unless there are specific City Council requests to be added to the Cultural Use Hub component of the Music Hall, there are no further requests for funding or further needs for reviews of budgets.

(v) Investigation of private investment opportunities and potential for-profit private partnerships for rehabilitation funding, fractional ownership investment and leveraging of industry expertise and financial support;

The Trustees of the New Vision Congregation of the United Church of Canada have expressed that they are not interested in selling the property. They have no intention to offer any fractional type of ownership. They have expressed that they (including the New Vision Church congregation) are committed to staying Downtown to continue their community work. They have expressed that they are not interested in the redevelopment of the subject site and wish to maintain it as a community asset.

As noted above in reference to the analysis of their Business Plan, the owners and the Music Hall Alliance have strong working relationships with promoters and producers in the City and both their board and advisory board are made up of industry professional who understand the local music scene of the City thereby leveraging industry expertise.

The Music Hall Alliance are also in the midst of working through securing private sector investment, including working through any potential for naming rights of the building for sponsorship dollars. The Music Hall Alliance has suggested, on a number of occasions, that the private and philanthropic interests they are approaching are not enticed to donate until such time as the City has officially endorsed the project by providing the Grant to initiate the first block of renovations to get the Music Hall to full capacity.

(vi) A review of the ownership structure and security of City's investments, in the event that the property is sold by the owner; and,

The Trustees of the New Vision Congregation of the United Church of Canada own the subject site. New Vision Church is the congregation that occupies the lower hall on Sundays and occupies some of the existing office space. The owner and the Music Hall Alliance are preparing a long-term lease, which is expected to be for at least 10 years with the options for renewal. The Music Hall Alliance will be the sole lessor of the space.

Before any grant monies are advanced, the lease agreement must be executed, to which the terms must be satisfactory to the General Manager of Planning and Economic Development, and conditional upon a Grant Agreement with both the Trustees of New Vision Congregation of the United Church of Canada and the Music Hall Alliance. The final terms and condition of this agreement are being prepared by the City's Legal Services Division.

As noted above, the owners have expressed that there is no short-term intention for the ownership to change.

(vii) Inclusion of all previous staff reports on this matter as background information for new members of Council.

See the Historical Background section, and the Analysis section (Direction (i)) of this Report).

Cultural Use Hub

The “Community Use Hub” was a suggestion made by City Council after the Music Hall Alliance approached the City with the request for the Grant. While not specifically presented as a “Community Use Hub”, the Music Hall Alliance, in the Business Plan, have already committed and articulated a vision to serve equity deserving groups by providing space for cultural activities at affordable rates, which is in line with the intention of the “Community Use Hub” suggested by City Council.

Beyond the live-music event space, the intention of the Music Hall is to be an inclusive space, in part, by providing a space for underrepresented artists and be a music incubator by providing artist in the City with performance space that may not otherwise be available to them. The intention is that this will strengthen the connections between artists and audiences and ultimately the success of the Music Hall and burgeoning music scene in the City. This will be an extension of the work New Vision Church is already doing in the community, aligning with City Council’s expressed interest in the future of this space. Additionally, through the conditional Grant Agreement for the \$900,000, staff will be securing the right for the City to use the Music Hall space, with conditions.

City staff have begun initial conversations with the Music Hall Alliance, who are recommending that a *Cultural* Use Hub focus on providing space for music and arts programs that specifically serve equity-deserving communities and that also services the wider ‘cultural’ community. This focus would align with the goals of the broader Music Hall. The evolution of this Cultural Use Hub will continue as the Music Hall is established and future renovations of the Music Hall take shape.

The Applicant will be required to enter into a Conditional 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.

Section 28 of the Planning Act permits a municipality, in accordance with a Community Improvement Plan, to make loans and grants which would otherwise be prohibited under Section 106(2) of the Municipal Act, to registered/assessed owners and tenants of lands and buildings. However, this Grant is recommended to be advanced to a non-profit organization. Therefore, this Grant can be advanced without the use a Community Improvement Plan.

Alternatives

Decline the Grant (or provide a reduced grant amount). In either case of declining or reducing the grant amount, the Music Hall Alliance would not have the funds to carry out the necessary work to operate a mid-sized venue.

Given the public benefit that the Grant can provide by preserving the heritage building while supporting the adaptive reuse to a needed mid-sized music venue in the City, staff do not recommend declining the Grant (or reducing the Grant amount).

Financial: Grant totalling \$900,000 would not be issued.

Staffing: Not applicable.

Legal: Not applicable.

Relationship to Council Strategic Priorities

Staff's recommendations are intended to support key Council priorities respecting Downtown revitalization and enhancing the City's reputation as a centre of culture.

Previous Reports Submitted

Not applicable.

Consultation

- Jessica Chase, Director, Childrens and Community Services, Healthy and Safe Communities Department

Appendices and Schedules Attached

Appendix A: Location Map

Appendix B: The Music Hall Alliance Business Plan

Appendix C: Community Use Plan | The Music Hall

Prepared by: Judy Lam, Manager, Commercial Districts and Small Business, Planning and Economic Development Department

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

Lisa Abbott, Director, Tourism and Culture, Planning and Economic Development