



## CITY OF HAMILTON

### **PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT** **Downtown and Community Renewal Division**

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> WARDS 1, 2 & 3
<b>COMMITTEE DATE:</b> April 11, 2011	
<b>SUBJECT/REPORT NO:</b> Hamilton Downtown Property Improvement Grant Program – Waiving of the 50% Annualized Vacancy Rate Requirement (PED11069)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning & Economic Development	<b>PREPARED BY:</b> Hazel Milsome 905-546-2424 x 2755
<b>SIGNATURE:</b>	

#### **RECOMMENDATION:**

That the 50% annualized vacancy rate requirement under the Hamilton Downtown Property Improvement Grant Program that was waived as a pilot for a one-year period, be implemented on a permanent basis.

#### **EXECUTIVE SUMMARY**

Report PED11069 recommends waiving on a permanent basis, the requirement for a building to have a 50% annualized vacancy rate for eligibility purposes under the Hamilton Downtown Property Improvement Grant Program. City Council, at its meeting held March 10, 2010, approved waiving the requirement on a pilot basis from the beginning of May 2010 to the end of April 2011, and directed staff to report back on either continuing to waive the vacancy requirement, or reinstating the requirement. Only two applications were received under the program during the pilot program indicative that, in order to cultivate an environment that attracts people to live, work, play and learn in the downtown, incentives must continue to be offered to generate investment in the rehabilitation of the older building stock within the Downtown Hamilton Community Improvement Project Area (CIPA). Reinstating the 50% annualized vacancy requirement would provide a further disincentive to rehabilitate older buildings.

**Alternatives for Consideration – See Page 4**

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS** (for Recommendation(s) only)

**Financial:** The City collects full property taxes on properties under the Hamilton Downtown Property Improvement Grant Program and, in turn, provides a grant for five (5) years declining each year after the first (1<sup>st</sup>) year by 20%. The grant is based on the increase in taxes (municipal portion only) attributable to the development/redevelopment of the property. Commencing in year two (2) of the grant payment, the city starts to realize the positive results of the program from a financial perspective.

**Staffing:** Administration of the Hamilton Downtown Property Improvement Grant Program can be accommodated within the Downtown and Community Renewal Division of the Planning and Economic Development Department as well as the Corporate Services Department.

**Legal:** 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. A Community Improvement Plan can only be adopted and come into effect within a designated Community Improvement Project Area. City Council, at its meeting held February 28, 2007, adopted By-laws 07-061 and 07-062 that established the Downtown and Community Renewal Community Improvement Project Area and Downtown and Community Renewal Community Improvement Plan, respectively.

The subsequent amendment to the Downtown and Community Renewal Community Improvement Plan resulting from City Council's approval in March 2010 to waive the 50% annualized vacancy rate as a pilot under the Hamilton Downtown Property Improvement Grant Program, allows the continuation of waiving the vacancy rate requirement by City Council, resolution only. Therefore, if Report PED11069 is approved, an amendment to the Plan will not be required.

**HISTORICAL BACKGROUND** (Chronology of events)

City Council, at its meeting held March 10, 2010, approved an amendment to the Downtown and Community Renewal Community Improvement Plan which introduced on a pilot basis, waiving the 50% annualized vacancy rate of buildings for eligibility purposes under the Hamilton Downtown Property Improvement Grant Program. The intent of the amendment was to generate investment in the rehabilitation of older building stock within the Downtown Hamilton Community Improvement Project Area.

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Since grants were first issued under the program, over \$3.1 million has been granted through the program to fifteen (15) reassessed projects that had a combined construction value of \$68 million. The total amount granted/to be granted to the fifteen (15) projects is estimated to be nearly \$4.4 million, which accounts for a 1:15 ratio of public grant leveraging private investment.

#### **POLICY IMPLICATIONS**

No policies will be affected. Applications under the Downtown Hamilton Property Improvement Grant Program must be in conformity with the relevant Official Plan documents, including the Downtown Hamilton Secondary Plan, zoning by-laws, as well as Provincial policy under the Planning Act and the Municipal Act. Authority for the program is provided through the Community Improvement provisions of the Planning Act, the Downtown and Community Renewal Improvement Plan and companion Community Improvement Project Area By-law.

#### **RELEVANT CONSULTATION**

Staff from the Finance and Administration Division, Corporate Services Department and the Legal Services Division, City Manager's Office, were consulted and concur with the recommendations included in Report PED11069.

#### **ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The Hamilton Downtown Property Improvement Grant Program supports City Council's performance measurements as follows:

- *Increase the number of residential units Downtown by 150 per year starting in 2009.* This measure relates specifically to the primary goal of the Downtown and Community Renewal Division's financial incentive programs, most specifically, the Hamilton Downtown Property Improvement Grant Program and the Hamilton Downtown Multi-Residential Property Investment Program that encourage the development of residential units in Downtown Hamilton.
- *Increase Downtown property taxes (municipal portion) by \$1.45 million on an average, per year.* Another performance measure is the tracking of property assessments and taxes within the Downtown Community Improvement Project Area. The Tax Division, Corporate Services Department, has confirmed that the annual taxes have increased from \$25,730,600 in 2009 to \$26,531,800 in 2010. The net levy increase is \$801,200 with \$94,700 being attributable to assessment increase.

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- Projects developed/ redeveloped under the Hamilton Downtown Property Improvement Grant Program contribute to increasing taxes in the Downtown, albeit after year two (2) of the grant advanced under the program.

Staff of the Downtown and Community Renewal Division undertakes a review of the Downtown and Community Renewal Community Improvement Plan, including all of the financial incentive programs, every five (5) years. During the 2015 review, staff will look at the Hamilton Downtown Property Improvement Grant Program to determine the program's success and whether modification to the terms and conditions are required, or whether the program is still required in order to encourage development/ redevelopment in the Downtown.

**ALTERNATIVES FOR CONSIDERATION:**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Non-acceptance of the recommendations contained in Report PED11069 would result in reinstating the eligibility requirement for a building to have a 50% annualized vacancy rate for eligibility purposes under the Hamilton Downtown Property Improvement Grant Program. Consequently, property owners who have buildings that require rehabilitation, however, have less than a 50% vacancy rate or no vacancy, would not be eligible. This would have a detrimental affect on the ambiance the City is attempting to cultivate in the downtown – an environment that attracts people to live, work, play and learn. This alternative is not recommended.

**Financial:** Not applicable.

**Staffing:** Not applicable.

**Legal:** Not applicable.

**CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)**

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

***Growing Our Economy***

- ♦ Investment in Hamilton is enhanced and supported. Property owners invest in their properties leading to property assessment increases.

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***Environmental Stewardship***

- ◆ Financial incentive programs support the reuse of existing building stock and infrastructure.

***Healthy Community***

- ◆ Partnerships are promoted.

**APPENDICES / SCHEDULES**

N/A

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