



Hamilton

**CITY OF HAMILTON**

**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning and Policy Division**

<b>TO:</b> Chair and Members Audit, Finance and Administration Committee	<b>WARD(S) AFFECTED:</b> WARD 1
<b>COMMITTEE DATE:</b> September 9, 2013	
<b>SUBJECT/REPORT NO:</b> Extension of Development Charges Demolition Credit for 175 Longwood Road South, Hamilton (FCS10051(a)) (Ward 1)	
<b>SUBMITTED BY:</b> Mike Zegarac Acting General Manager Finance & Corporate Services	<b>PREPARED BY:</b> Adam Smith (905)-546-2424 ext.1434
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the Development Charges (DC) demolition credit for 175 Longwood Road South (former Camco Inc. plant) be extended until July 31, 2015;
- (b) That McMaster Innovation Park (MIP) provide annual updates to the Audit, Finance & Administration Committee respecting progress of the projects in MIP.

**EXECUTIVE SUMMARY**

On June 13, 2013 City staff received a letter (Appendix “A” to Report FCS10051(a)) from McMaster Innovation Park (MIP) requesting that the expiration of their DC demolition credit at 175 Longwood Road South be extended until July 31, 2015. On April 5, 2010, MIP requested an extension of their expiring DC demolition credit from July 31, 2010 to July 31, 2015. Council, at its meeting of October 13, 2010, considered staff report FCS10051 and granted a 3-year extension to July 31, 2013, and required MIP to provide annual updates respecting the progress of the project.

At the time of the original request, MIP expected several projects to proceed on the east side of Longwood Road South (175 Longwood), however, due to funding availability and market demand, the McMaster Automotive Research Centre (MARC) – the only building built since the extension was granted - was built on the west side of Longwood Road South (270 Longwood). MIP is now advancing planning on the Emerging Technologies Centre (ETC) on the corner of Frid and Longwood but applications for site plan approval and building permits did not occur before the July 31, 2013 deadline for making use of the demolition credit.

MIP has advised that they expect that site plan approval for the ETC will be sought in the Fall of 2013 and a building permit application will be brought forward in 2014. The ETC will focus on technologies related to health and life sciences, building on McMaster’s research strengths. The building is expected to have wet lab space, as well as office and dry lab space available for tenants, along with some common area and a small commercial space.

MIP have also indicated that they expect to make additional requests, in the future, with the hopes of being able to use remaining unused credits from the demolished Camco Plant towards other future buildings envisioned for the site.

***Alternatives for Consideration – See Page 4.***

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

**Financial:** The value of the DC demolition credit is dependent on when a building permit application is actually made and the rates in effect at that time. Based on the current rate of \$8.98 per square foot for industrial development, the credit being extended is worth \$3,542,466.32 (394,484 square feet), however, the amount of credit that will be used by the ETC building is only approximately \$718,400 (80,000 square feet).

MIP has indicated that they will seek extensions again, in the future, with the hopes of using up the unused demolition credit (approximately 314,484 square feet) on future projects.

**Staffing:** N/A.

**Legal:** N/A.

#### **HISTORICAL BACKGROUND** (Chronology of events)

In 2004, the Camco Inc. plant closed and the property at 175 Longwood Road South was put up for sale. MIP purchased the property in 2005 and proceeded to demolish the former factory building, leaving them with a DC demolition credit for 600,150.87 square feet of industrial development.

Since the demolition occurred in 2005 at 175 Longwood Road South, MIP have renovated an existing office building into office, laboratory and conference facilities (the Atrium) and built the CANMET-MTL research centre dedicated to metals and materials fabrication, processing and evaluation.

MIP sent a letter on April 5, 2010 requesting a 5-year extension to their DC demolition credit to allow them to make use of the unused credit on two projects planned to begin by 2012. In October 2010, Council approved a 3-year extension, expiring on July 31, 2013, and requested that MIP provide annual updates on progress of the projects.

MIP went forward with their first building, McMaster Automotive Research Centre (MARC), however, due to funding availability and market demand, it was built on the opposite side of the street (270 Longwood Road South).

As of July 31, 2013, MIP had not made use of the DC demolition credit approved by Council in 2010 and, therefore, a credit for 394,484 square feet of industrial development has expired.

#### **POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS**

City of Hamilton Development Charges by-law 09-143 provides a demolition credit for DCs for a period of 5 years from the date of demolition permit issuance. The main purpose for having a limited term on a demolition credit is that it promotes timelier redevelopment of sites, discouraging vacant and unproductive development lots. A

demolition credit is provided to recognize the infrastructure capacity which was allocated to the previous development.

The City has already provided a three year extension, from July 31, 2010 to July 31, 2013 for the DC demolition credit to MIP for 175 Longwood Road South.

### **RELEVANT CONSULTATION**

The President & CEO of McMaster Innovation Park (MIP) provided details of the extension request and development plans at MIP.

Business Development Section, Planning & Economic Development, City of Hamilton is supportive of providing an extension to MIP.

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

(include Performance Measurement/Benchmarking Data, if applicable)

The rationale for the staff recommendation to extend the DC demolition credit is as follows:

- 1) To encourage the continued and timely redevelopment of the former industrial site;
- 2) To recognize the service capacity resulting from the demolition of the former industrial building;
- 3) To increase the tax base and foster economic development.

### **ALTERNATIVES FOR CONSIDERATION**

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

That annual extensions of the DC demolition credit for 175 Longwood Road South (former Camco Inc. plant) be provided, subject to annual presentations from MIP.

This alternative would require MIP to continue to provide an annual presentation on progress at MIP should they wish to maintain the DC demolition credits for the site.

**Financial Implications:** The value of the credit will change over time as the dollar value is based on the square feet and industrial rate in effect at the time development occurs.

**Staffing Implications:** N/A.

**Legal Implications:** N/A.

**Policy Implications:** The City has provided an extension to the DC demolition credits for MIP at this site in the past and required annual updates to be provided. This alternative would reduce the requirement for staff reports related to future extension requests for this site, while maintaining the annual updates from MIP.

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:**

**Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**

- 1.1 Continue to grow the non-residential tax base.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

- 3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

**APPENDICES / SCHEDULES**

Appendix “A” to report FCS10051(a) – Letter, dated June 13, 2013, to the City of Hamilton from McMaster Innovation Park.



June 13, 2013

Rose Caterini, City Clerk  
City Hall  
71 Main St. W., 1st Floor  
Hamilton, Ontario  
L8P 4Y5

By Email: [clerk@hamilton.ca](mailto:clerk@hamilton.ca)

Dear Ms. Caterini:

**Re: First Longwood Innovation Trust o/a McMaster Innovation Park (MIP) –  
Presentation to the Committee of the Whole in support of a request for an extension on  
Development Credits available to Trust re: 175 Longwood Road South, Hamilton Ontario**

Please accept this letter as MIP's request for you to add Mr. Zach Douglas, MIP's President and CEO, to the agenda as a delegate for an upcoming City of Hamilton Committee of the Whole meeting.


As per past practice and council's request, Mr. Douglas will present an update on the current activity and the future plans for McMaster Innovation Park. He will also report on the results of the City's investment in MIP and MIP's current relationships with the City on a number of levels.

Mr. Douglas's presentation is in support of MIP's request for an extension on Development Charge Credits re: 175 Longwood Road South, Hamilton, Ontario. In October of 2010 Council approved a three year extension of the demolition credits with the expectation that MIP would be embarking on additional projects on the east side of Longwood during that period of time (copy of decision attached). As it turned out, due to funding availability and market demand, MIP developed the MARC Centre on the west side of Longwood.

MIP's planning is now advancing on the Emerging Technologies Centre on the south east corner of Frid and Longwood but applications for site plan approval and building permits (which trigger development charges and use of the credits) will not occur before the July 31, 2013 deadline. It is expected that site plan approval will be sought in the fall of 2013 and a building permit application will be bought forward in 2014.

MIP would very much appreciate Council consideration of a further extension of the deadline for the use of the credits to July 31, 2015.

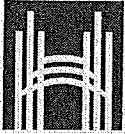
Yours truly,



Zach Douglas  
President & CEO  
McMaster Innovation Park

Copy to:

- Brian McHattie, Councilor Ward 1, City of Hamilton - [Brian.McHattie@hamilton.ca](mailto:Brian.McHattie@hamilton.ca)
- Stephanie Paparella, Legislative Assistant, Office of the City Clerk, City of Hamilton – [Stephanie.Paparella@hamilton.ca](mailto:Stephanie.Paparella@hamilton.ca)
- Neil Everson, Director, Planning and Economic Development Department, City of Hamilton - [neil.everson@hamilton.ca](mailto:neil.everson@hamilton.ca)
- Joseph Spiler, Manager of Capital Development, City of Hamilton – [joe.spiler@hamilton.ca](mailto:joe.spiler@hamilton.ca)
- Nikola Wojewoda-Patti, Assistant to Brian McHattie, City of Hamilton - [Nikola.Wojewoda-Patti@hamilton.ca](mailto:Nikola.Wojewoda-Patti@hamilton.ca)
- Zach Douglas, President & CEO, McMaster Innovation Park – [zdouglas@mcmasterinnovationpark.ca](mailto:zdouglas@mcmasterinnovationpark.ca)



Hamilton

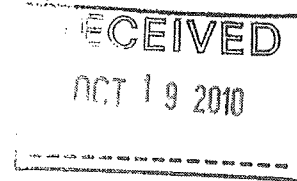
Office of the City Clerk  
City Hall, 71 Main Street West  
1<sup>st</sup> Floor  
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Ida Bedioui  
Legislative Assistant  
Office of the City Clerk  
Corporate Services Department  
Phone (905) 546-2424 (ext. 4605)  
Fax # (905) 546-2095  
Ida.bedioui@hamilton.ca

October 14, 2010

File #C10-024

Mr. Zach Douglas  
President & CEO  
McMaster Innovation Park  
175 Longwood Road South, Suite 105  
Hamilton, ON L8P 0A1



Dear Mr. Douglas:

Please be advised that Hamilton City Council, at its meeting held October 13, 2010 approved Item 7 of Committee of the Whole Report 10-027 as follows:

- 7. Extension of Demolition Credit for 175 Longwood Road South, Hamilton (FCS10051) (Ward 1) (Item 6.3(b))**
- (a) That, in order to provide economic stimulus to a strategic, industrial/research development corridor (McMaster Innovation Park), the term for the use of Municipal Industrial Development Charge demolition credits for 175 Longwood Road South, Hamilton, (former Camco Inc. plant) (5 year life, expires on July 31, 2010) in the amount of 394,484 sq. ft. (\$2,623,315.63) be extended for a further 3 years to July 31, 2013.
  - (b) That McMaster Innovation Park provide annual updates to Committee of the Whole respecting the progress of this project.

Your consideration of Council's request with respect to subsection (b) would be appreciated.

Regards,

A handwritten signature in cursive script that reads "Ida Bedioui".

Ida Bedioui  
Legislative Assistant

Copy to: Rob Rossini, General Manager of Finance and Corporate Services