



Hamilton

**CITY OF HAMILTON**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b> Chair and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> WARD 1
<b>COMMITTEE DATE:</b> April 3, 2013	
<b>SUBJECT/REPORT NO:</b> Increase in Eligible Costs for Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (ERG-09-02) – Urban West Developments Inc., 427 Aberdeen Avenue, Hamilton (PED09257(a)) (Ward 1)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Brian Morris (905) 546-2424 Ext. 5602
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That an Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant not to exceed \$198,929.61, an increase in \$41,629.61 above the originally approved \$157,300 in eligible costs for ERG-09-02, payable to Urban West Developments Inc. over a maximum of ten (10) years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Agreement;
- (b) That the associated Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Agreement with Urban West Developments Inc. be amended regarding the terms and conditions governing the payment of an ERASE Redevelopment Grant for, and redevelopment of, 427 Aberdeen Avenue, Hamilton, with such agreement in a form satisfactory to the City Solicitor.

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**EXECUTIVE SUMMARY**

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant application (ERG-09-02) was submitted by Urban West Developments Inc. (at the time, Urban Core Developments Inc.) for \$157,300 in estimated eligible remediation costs and was approved by Council through Report PED09257 on September 30, 2009, for remediation and redevelopment of the property at 427 Aberdeen Avenue into a 33 unit condominium apartment building.

The applicant has received a Record of Site Condition (RSC) from the Ministry of the Environment (MOE) and submitted actual remediation related expenses for reconciliation to the City as the redevelopment project nears completion. The applicant submitted a package stating \$259,500.99 in remediation related expenses and staff has reconciled an amount of \$198,929.61 in eligible costs, representing an increase in \$41,629.61 from the original estimate.

Report PED09257(a) recommends approving the increase in the ERASE Redevelopment Grant contribution to \$198,929.61 from the original \$157,300.

***Alternatives for Consideration – See Page 5***

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

**Financial:** As per the ERASE Redevelopment Grant Program, the City will provide the applicant with a grant equivalent to 80% of the increase in municipal taxes up to the total eligible cost figure of \$198,929.61. At that time, the City will begin to collect and retain the full municipal portion of the tax increment.

The City will retain 20% of the municipal tax increment, approximately \$9,399 a year for six (6) years, up to an amount not to exceed 20% of the total clean-up costs. These monies will be deposited into the Brownfields Pilot Project Account (CAP-3620155102) to be used by the City for its Municipal Acquisition and Partnership Program (MAPP). This Program, as approved in the ERASE CIP, involves the City acquiring key brownfield sites, cleaning up and redeveloping property it already owns, or participating in public/private partnerships to redevelop brownfield properties.

**Staffing:** Administration of this application under the terms of the Program can be accommodated by staff of the Economic Development Division, Real Estate Section and the Corporate Services Department.

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**Legal:** The provision of ERASE Redevelopment Grant is authorized in the ERASE CIP which was adopted and approved in 2001 and the expansion to the original plan in 2005 and 2010 under Section 28 of the Planning Act. The Redevelopment Agreement will specify the obligations of the City and the applicant and will be prepared in a form satisfactory to the City Solicitor.

**HISTORICAL BACKGROUND** (Chronology of events)

The Economic Development and Planning Committee approved an ERASE Redevelopment Grant application (ERG-09-02) through Report PED09257 on September 22, 2009, which was ratified by Council through Report 09-018 on September 30, 2009. The application was approved for \$157,300 in eligible remediation costs in order to permit the construction of a 33 unit condo apartment building (at the time the proposal called for a 42 unit condo apartment building which was later scaled down). The property has since been remediated and the redevelopment project is nearing completion with occupancy from residents expected in the short term.

The property at 427 Aberdeen Avenue was formerly used as a retail fuel facility from the period of approximately 1960 to 1979. Following closure of the retail fuel facility, a Tim Horton's donut diner operated on the site from the period of about 1980 to 2008. Based on a Phase II Environmental Site Assessment completed in June of 2009, several areas of known or suspected petroleum hydrocarbon impacted soil were identified that required remediation in order to bring the property into conformity with the residential standards for redevelopment. A Remedial Action Plan (RAP) was developed in order to deal with said contamination in August of 2009. At the same time, the owner of the property was going through various planning applications and processes (including a rezoning application) in order to be approved for the redevelopment project.

Remediation of the property took place between July 2011 and September 2011, with verification and analysis of the remedial activities being complete by December of 2011. The applicant submitted a package with costs related to the remediation of the property in August 2012, for reconciliation by staff. The submitted package contained expenses totalling \$259,500.99. Staff have reconciled an amount of \$198,929.61 as eligible costs through the provisions identified in the ERASE Redevelopment Grant Program description and terms. This amount represents an increase in \$41,629.61 above the original approved amount of \$157,300.

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**POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS**

Report PED09257(a) relates to the processing of an application under the ERASE Redevelopment Grant Program (ERG) which is contained within the City's approved ERASE Community Improvement Plan (2010).

**RELEVANT CONSULTATION**

Staff from the City Manager's Office (Legal Services Division) and Corporate Services Department (Financial Planning and Policy Division) were consulted and the advice received is incorporated into Report PED09257(a).

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

Though the actual volume of excavated and removed soil did not change greatly from the estimates contained in the RAP, there were additional consultation and management costs that are eligible expenses associated with stockpiling and sorting of contaminated soil on site. In addition, the remediation activities took place between July 2011 and September 2011, which is some time removed from when the RAP was prepared in 2009, and prices for disposal of the soil changed in that time. Lastly, the remedial activities also took place following the passing of amendments to the O. Reg. 153/04 (now known as O. Reg. 511/09) by MOE which, in some instances, made the conditions to meet residential standards (and other standards) more stringent. As a result, the applicants incurred additional remediation expenses, as outlined above, that are beyond the original estimate of \$157,300, but are still eligible expenses under the ERASE Redevelopment Grant Program.

As per the description and terms of the ERASE Redevelopment Grant Program contained within the Council approved ERASE Community Improvement Plan, "If during the course of the work, the scope of the work changes, or actual costs are greater or less than estimated costs, the City reserves the right to increase or decrease the total amount of the grant". Recommendation a) of Report PED09257 would involve the City increasing the total amount of the grant, as the actual costs are greater than the estimated costs.

The applicant has also expressed that they wish to exercise the Development Charges Reduction option that would allow them to apply their eligible approved and reconciled grant amount through the ERASE Redevelopment Grant program towards Development Charges (DCs) owing on the project as per the City Development Charges By-Laws. The applicant has entered into a Development Charges Deferral Agreement with the

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City as of June 30, 2011, and by approving an increase in their eligible costs to \$198,929.61 through the ERASE Redevelopment Grant Program, this would effectively be applied towards the remaining balance of their outstanding DCs.

**ALTERNATIVES FOR CONSIDERATION**

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

Council could choose not to approve the recommendations contained within Report PED09257(a), meaning that the amount eligible to the applicant would remain at the original approved amount of \$157,300 through Report PED09257 and the associated ERASE Redevelopment Grant Agreement.

**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**

- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

- 2.3 Enhance customer service satisfaction.

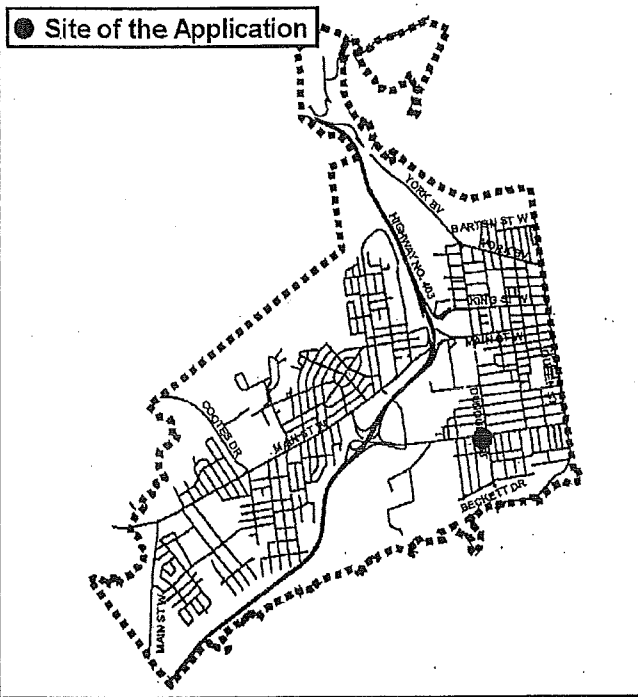
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**APPENDICES / SCHEDULES**

Appendix “A” to Report PED09257(a) – Location Map

BM/dkm



Ward 1 Key Map N.T.S.

### Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:  
427 Aberdeen Ave

Date:  
August 27, 2009

Appendix "A"

Scale:  
N.T.S.

Planner/Technician:  
BM/NB

#### Subject Property

427 Aberdeen Avenue, Hamilton