



CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Downtown and Community Renewal Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: WARD 2
COMMITTEE DATE: March 22, 2011	
SUBJECT/REPORT NO: Hamilton Downtown Office Tenancy Assistance Program - 1 James Street South – OTAP10/01 (PED11050)	
SUBMITTED BY: Tim McCabe General Manager Planning & Economic Development	PREPARED BY: Hazel Milsome 905-546-2424 x 2755
SIGNATURE:	

RECOMMENDATION:

- a) That a loan commitment totalling \$69,275 for leasehold improvements at 1 James Street South, be approved in accordance with the terms and conditions of the Hamilton Downtown Office Tenancy Assistance Program.
- b) That the Mayor and City Clerk be authorized and directed to execute the loan agreement and security documentation with respect to sub-section (a) above 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 amend the loan agreement as required provided that the terms and conditions of the Hamilton Downtown Office Tenancy Assistance Program as approved by City Council are maintained.

EXECUTIVE SUMMARY

Report PED11050 recommends the approval of a loan commitment under the Hamilton Downtown Office Tenancy Assistance Program for 1 James Street South. The applicant/tenant of the property, First Ontario Credit Union, is proposing to undertake

SUBJECT: Hamilton Downtown Office Tenancy Assistance Program – 1 James Street South – OTAP10/01 (PED11050) (Ward 2) - Page 2 of 5

leasehold improvements to the ground floor that is currently vacant, in order to accommodate 2,771 square feet of office space. First Ontario Credit Union currently has eighteen (18) branch offices located throughout Ontario of which four (4) are located in Hamilton. The Credit Union will be opening another branch office at 1 James Street South. The Credit Union is proposing to employ six (6) full-time employees and two (2) part-time employees at this branch.

The loan is based on the lesser of 90% of leasehold improvement costs (total leasehold improvement costs are estimated at \$787,000) or, the square foot (in this case 2,771 square feet) multiplied by \$25 (as the term of the lease is ten (10) years). The lesser amount of the above two formulae is the square footage multiplied by \$25: \$69,275.

Loan repayment will commence following the final advance of the loan and no later than four (4) months following the first advance. The loan will be repaid over a five (5) year term at one percent (1%) below the prime rate as established by the Royal Bank of Canada. The rate will be established at the time of the first advance of the loan by the City and reset annually on the anniversary date of the first advance.

Alternatives for Consideration – See Page 4.

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

Financial: Loans provided through the Hamilton Downtown Office Tenancy Assistance Program will be funded by creating a receivable on the City's balance sheet. As loan repayments are made, the receivable is reduced. Funding provided through the Downtown and Community Renewal Division's program budget is used to subsidize the interest rate charged on the loans which is the difference between the five year borrowing rate for the City as indicated by RBC Capital Markets plus 25 basis points (which is currently about 3% + 25 basis points) and the current cost of money for the City which is about 5% plus 25 basis points. Funding to subsidize the interest rate charged on the loan is funded from capital project #8201003001.

Staffing: Administration of the Hamilton Downtown Office Tenancy Assistance 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 March 10, 2010, amended the Downtown and Community Renewal Community Improvement Plan by adding the Hamilton Downtown

Office Tenancy Assistance Program. The amendment came into force on April 12, 2010.

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 the Hamilton Downtown Office Tenancy Assistance Program, a program that provides a low-interest loan to either building owners or tenants for eligible leasehold improvements to office buildings located within the Downtown Hamilton Community Improvement Project Area. The intent of the program is to reduce the Downtown office vacancy rate by attracting new office tenants and owner-occupied office uses from outside the City, and to assist existing Downtown businesses to expand in the Downtown.

POLICY IMPLICATIONS

The Hamilton Downtown Office Tenancy Assistance Program is affected by land use policies that direct significant office development to the area in which the program is delivered, and coincides with the Downtown Hamilton Urban Growth Centre identified in the Council adopted Urban Official Plan and the Places to Grow Growth Plan for the Greater Golden Horseshoe. The Hamilton Downtown Office Tenancy Assistance Program assists the implementation of those plans and the growth objectives.

The Downtown Hamilton Urban Growth Centre is described in the Urban Official Plan as the “pre-eminent centre in Hamilton for commercial and office development”. Regarding jobs, Section E.2.3.1.4 states that “The Downtown Urban Growth Centre shall function as a major employment centre for the City. Major business, professional and government offices shall be directed to the Downtown”.

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 PED11050.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The property is situated within the D2 Zone “Downtown Prime Retail Streets” as per City of Hamilton’s Zoning By-law 05-200. The application is for leasehold improvements on the ground floor of a fifteen-storey building. A Credit Union, a permitted use, will occupy the space.

SUBJECT: Hamilton Downtown Office Tenancy Assistance Program – 1 James Street South – OTAP10/01 (PED11050) (Ward 2) - Page 4 of 5

Due diligence in processing the loan application was undertaken including the review of First Ontario Credit Union's financial capability of repaying the loan. Staff will work with the applicant through the City's planning and building approval process.



1 James Street South is shown in the photograph above. Appendix 'A' to Report PED11050 identifies the location of the property within the Downtown Hamilton Community Improvement Project Area.

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 PED11050, or reducing the amount of the loan, would undermine the principles of the Hamilton Downtown Office Tenancy Assistance Program and downtown renewal efforts in general. These alternatives are not recommended.

Financial: A loan in the amount of \$69,275 would not be issued.

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.

Environmental Stewardship

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

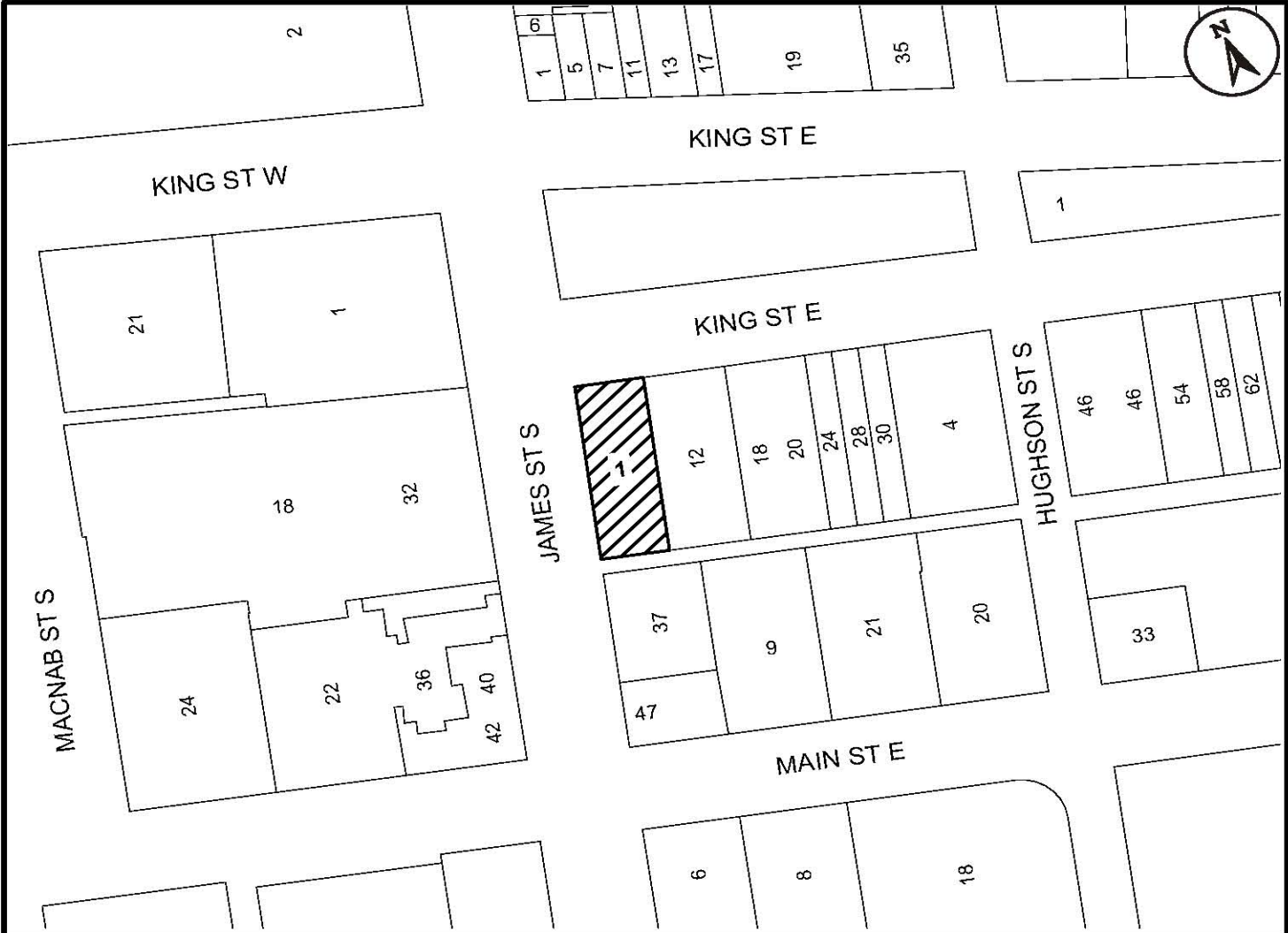
Healthy Community

- ◆ Partnerships are promoted.

APPENDICES / SCHEDULES

Appendix “A” to Report PED11050 – Location map.

HM:vk



● Site of the Application



Location Map



Hamilton

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:
1 James St S

Date:
December 24, 2010

Appendix "A"

Scale:
N.T.S.

Planner/Technician:
LB/SW

Subject Property



1 James Street South, Hamilton.