TO: Chair and Members
Economic Development and Planning Committee

WARD(S) AFFECTED: WARD 9

COMMITEE DATE: September 7, 2010

SUBJECT/REPORT NO:
Environmental Remediation And Site Enhancement (ERASE) Redevelopment Grant Application (ERG-10-01) - 1810915 Ontario Ltd. (Nick Uhac), 120-124 King Street West, Stoney Creek (PED10161) (Ward 9)

SUBMITTED BY:
Tim McCabe, General Manager
Planning and Economic Development Department

PREPARED BY:
Brian Morris x 5602

SIGNATURE:

RECOMMENDATION:

(a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-10-01, submitted by 1810915 Ontario Ltd. (Nick Uhac), owner of the property at 120-124 King Street West, Stoney Creek for an ERASE Redevelopment Grant not to exceed $922,760, payable to 1810915 Ontario Limited 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 City enter into an ERASE Redevelopment Agreement with 1810915 Ontario Ltd. regarding the terms and conditions governing the payment of an ERASE Redevelopment Grant for, and redevelopment of, 120-124 King Street West, Stoney Creek ON, with such agreement to be satisfactory to the City Solicitor.
EXECUTIVE SUMMARY

Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted by 1810915 Ontario Ltd. for Redevelopment of property at 120-124 King Street West, Stoney Creek, ON (Appendix “A” to Report PED10161). The application qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a four (4) storey, 59 unit condominium building at the rear of the site with twenty stacked townhouse units, comprised of two blocks of ten units each, fronting on to King Street West.

The Grant Application is for $922,760 in eligible environmental site remediation costs. Estimated project construction costs are $20,000,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current $1,176,000 to approximately $18,890,000. This will increase total annual property taxes generated by this property. The municipal share of this property tax increase (municipal tax increment) will be approximately $184,780.52 of which 80% or approximately $147,824.42 would be paid to the owner in the form of an annual grant for approximately seven (7) years up to an amount not to exceed total estimated clean-up costs eligible for ERASE of $922,760.

The City will retain 20% of the municipal tax increment; approximately $36,956.10 a year for ten (10) years up to an amount not to exceed 20% of the total estimated clean-up costs. These monies will be deposited into the Brownfields Pilot Project account to be used by the City for its ERASE Municipal Acquisition and Partnership Program (MAPP). This Program, as approved in the ERASE Community Improvement Plan (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.

Under the ERASE Redevelopment Grant Program, there is no actual loss of tax revenues to the City. The annual grant paid by the City to the owner is actually paid out of increased taxes generated by the development taking advantage of the ERASE Program.

This application meets the grant criteria specified in the 2010 ERASE Community CIP. This redevelopment will result in the physical enhancement of this former commercial site via environmental site remediation leading to the development of the proposed residences and will result in a significant long-term increase in assessment and property tax revenues to the City. The City, under the terms of the ERASE program will need to enter into a Redevelopment Agreement with the owner, as specified in the ERASE CIP.

Alternatives for Consideration – See Page 7
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 $922,760. At that time, the City will begin to collect and retain the full municipal portion of the tax increment.

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

Legal: The provision of ERASE Redevelopment Grants 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. The Redevelopment Agreement will be prepared in a form satisfactory to City Solicitor.

HISTORICAL BACKGROUND (Chronology of Events)

The following site history has been identified. The subject property is located on the north side of King Street West between Centennial Parkway South and Owen Place, Stoney Creek. A Phase I Environmental Site Assessment completed in June, 2010 shows the 1.9 acre site as generally vacant and includes an unoccupied, single storey slab-on-grade structure at the southwest corner of the property. This structure was most recently occupied by Window Quilt (Canada) Ltd. Prior to that, site occupancy records indicate that there have been various commercial and light industrial uses and structures since 1957 including, but not limited to: Stoney Creek Animal Hospital, PGM Auto Sales, McLeod Engineering Inc., Staalduinen Floral, Goeman’s Appliances, Simmon’s Accessories, Hanson’s Supply, and Vern’s BA Station.

In addition to the fill material (including slag) that was noticed across the site, adjacent land use of retail fuel facilities southwest and east of the site, and the service garage located immediately adjacent to the site on the west side was considered to present a medium to high risk of potential environmental liability.
A Phase II Environmental Site Assessment (ESA) was completed in July, 2010 by Landtek Limited Consulting Engineers. Based on the findings of a site inspection and review of previous environmental reports, several areas of known and suspected environmental concern were identified on the site from the property’s previous uses. The subsurface investigation and test results for metals and inorganics indicated exceedances in the applicable standards were detected and are predominately present in the fill soils at the site, likely a result of a former contractor’s yard. Concentrations of beryllium, boron, lead, zinc and electrical conductivity parameters were identified in various boreholes and test pits across the site that exceed the maximum allowable Table 3 standards for residential/parkland/institutional land use. Additionally, a slight exceedance of petroleum hydrocarbon (PHC) F3 fraction was identified in a borehole close to the southwest property line.

Based on this information, the owner of the property at 120-124 King Street West, requisitioned a Remedial Action Plan (RAP) for the clean-up of the property from Landtek Limited including soil disposal of an estimated 6,800 m³ and 14,690 tonnes of metal and inorganic soil, groundwater handling fees, and management/engineering fees. The RAP will be carried out in order to permit a Record of Site Condition (RSC) for the subject property in order to permit the construction of a four storey, 59 unit condominium building at the rear of the site with twenty stacked townhouse units, comprised of two blocks of ten units each, fronting on to King Street West.

The Applications

The application for an ERASE Redevelopment Grant submitted by Landtek Limited Consulting Engineers, agent for 1810915 Ontario Ltd. for the property at 120-124 King Street West qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation. The application involves clean-up of the property to remove contaminated soils containing elevated levels of metals and inorganics in fill soils that are a residual result of past commercial and light industrial uses on-site. The clean-up will be done in order to permit the construction of a 59 unit condominium building at the rear of the site with twenty stacked townhouse units, comprised of two blocks of ten units each, fronting on to King Street West. Estimated project construction costs are $20,000,000. The costs eligible for an ERASE Redevelopment Grant are estimated as follows:

<table>
<thead>
<tr>
<th>Eligible Works</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soil Removal/Disposal</td>
<td>$868,000</td>
</tr>
<tr>
<td>Environmental Consulting Fees</td>
<td>$54,760*</td>
</tr>
<tr>
<td>Building Demolition</td>
<td>N/A</td>
</tr>
<tr>
<td>On-Site Infrastructure Upgrading</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$922,760</strong></td>
</tr>
</tbody>
</table>

*GST not included in the above
The applicant has an approved ERASE Study Grant Application for a Phase II ESA for the property at 120-124 King Street West, Stoney Creek, and has met all the requirements of the program. The value of the grant received by the owner was $14,760 which is 50% of the actual study cost of $29,520. The Environmental Consulting Fees noted above are the balance of this study as well as for the work to be done and prepared for the clean-up of the property.

Staff review of the proposed works against the eligibility criteria contained in the ERASE CIP show that all costs that have been applied for under the grant are eligible. Therefore, staff recommends approval of this ERASE Redevelopment Grant Application.

POLICY IMPLICATIONS

Report PED10161 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

The grant application was circulated to the Corporate Services Department (Taxation Division and Legal Services Division) and the Planning and Economic Development Department (Planning Division) for comment. The pertinent departmental comments are provided below. As per the ERASE CIP, the grant application was reviewed by the Planning and Economic Development Department (Economic Development and Real Estate Division) in consultation with the Planning Division and Budgets and Finance Division. None of the comments received from staff suggest that the application not be approved.

Departmental Comments

Taxation Division

The 2010 assessed value is $1,176,000 and the property is classed as Commercial (CX and CT). Property taxes are paid in full. Taxes for 2010 on this property total $44,150.93, broken down as follows:

- Municipal Levy = $25,979.37
- Education Levy = $18,171.56
- Tax Cap Adjustment = $0
- Total (approximately) = $44,150.93
Legal Services Division

The Owner and the City shall enter into the appropriate ERASE Redevelopment Agreement as a condition of this grant in accordance with the provisions of the ERASE CIP.

Planning Division

The owner submitted Request for Formal Consultation Application FC-10-026 on March 19, 2010. The request was circulated for comments and the application taken before the Development Review Committee on April 21, 2010. The applicant was advised that their original proposal would require an Official Plan Amendment, Zoning By-law Amendment and Site Plan Control Applications. Based on the Development Review Committee, the applicant revised their proposal to a four (4) storey, 59 unit, apartment building at the rear of the site with twenty stacked townhouse units, comprised of two blocks of ten (10) units each, fronting on to King Street West. Based on these revisions to the proposal, the applicant only requires Site Plan Control approval.

ANALYSIS / RATIONALE FOR RECOMMENDATION
(include Performance Measurement/Benchmarking Data, if applicable)

The ERASE Redevelopment Grant is a component of the Council approved ERASE CIP. These applications meet the criteria for approval.

Current (2010) MVA on the property is $1,176,000 classed as Commercial (CX and CT). Current 2010 property taxes are approximately $44,150.93 broken down as follows:

Municipal Levy = $25,979.37
Education Levy = $18,171.56
Tax Cap Adjustment = $0
$44,150.93

Property taxes are current (paid in full).

Based on site plan drawings and information submitted in support of the ERASE Application, staff has estimated that once the project is complete, the property, including all buildings, will have an estimated MVA of approximately $18,890,000, classed as Residential (RT). This new MVA is estimated to increase total annual property taxes over the current $. The new municipal taxes levied on this property will be
approximately $210,759.89, with the remaining dollars going to the Province for education taxes.

As per City Council direction to increase the number of brownfield properties redeveloped per year, this grant application would effectively support this strategic direction.

**ALTERNATIVES FOR CONSIDERATION:**
*(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)*

The grant application meets the eligibility criteria and requirements of the program. In the event the project is not considered for the program, the application should be referred back to staff for further information on any possible financial or legal implications.

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


**Skilled, Innovative & Respectful Organization**
- Council and SMT are recognized for their leadership and integrity

**Financial Sustainability**
- Effective and sustainable growth management
- Generate assessment growth/non-tax revenues

**Social Development**
- Everyone has a home they can afford that is well maintained and safe

**Environmental Stewardship**
- Reduce the impact of Hamilton's industrial, commercial private and public operations on the environment
- Aspiring to the highest environmental standards

**Healthy Community**
- Plan and manage the built environment
- Adequate access to food, water, shelter and income, safety, work, recreation and support for all (Human Services)
Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honest, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork