SUBJECT: Application of Parkland Dedication Policy for Brownfield Redevelopments within the ERASE Community Improvement Project Areas 2 and 3 (PED06393) (Wards 1-5)

RECOMMENDATION:

a) That for new residential development or redevelopment located within ERASE Community Improvement Project Areas 2 and 3 with approved ERASE Redevelopment Grant Applications, parkland dedication be assessed at a rate not exceeding 5% of the project's net land area as defined in By-law 03-199.

b) That staff be authorized and directed to amend Parkland Dedication By-law 03-199 accordingly.

c) That the Brownfields Parkland Dedication Policy item, referred from the Planning and Economic Development Committee on August 8, 2006, be identified as completed and removed from the Planning and Economic Development Committee Outstanding Business List.

Lee Ann Coveyduck
General Manager
Planning and Economic Development Department

EXECUTIVE SUMMARY:

City Council adopted a parkland dedication and cash-in-lieu of parkland dedication policy and by-law in July 2003. Within that policy, discretion is provided as to how parkland and cash-in-lieu of parkland is to be calculated. The options are a parkland dedication of 5% of the net land area proposed to be developed or redeveloped or, where the net land
area to be developed is at a density of 20 to 75 dwellings per hectare, the parkland dedication shall be based on an amount of land equivalent to a rate of 1 hectare for each 300 dwelling units proposed. In the case of development at a density greater than 75 units per hectare, parkland shall be assessed at a rate of .6 hectare for each 300 units. Application of this latter option within Area 2 (older Industrial Area) and Area 3 (West Harbour Area) as identified in the ERASE Community Improvement Project Area, can have substantial negative effects on the City’s efforts to revitalize brownfield lands. Economic Development staff has calculated that the application of the parkland dedication on a density basis for some projects with approved ERASE Redevelopment Grant Applications currently going through the approvals process would have the effect of creating economically unviable projects. In view of the fact that the parkland dedication policy and by-law provides some discretion in using the alternative calculations, this report is prepared in order to establish a clear policy direction from City Council. Report PED06393 recommends that approved ERASE Redevelopment Grant Applications within Area 2 (older Industrial Area) and Area 3 (West Harbour Area) as identified in the ERASE Community Improvement Project Area (as shown on Appendix “A” to Report PED06393), parkland dedication for residential development be assessed solely on the basis of 5% of the net land area.

BACKGROUND:

At the Council Meeting of August 9, 2006, PED Report 06-014, (Item 6.8) James Webb Respecting Parkland Dedication in ERASE Areas, staff was directed to prepare a draft policy proposal and to report back to the September 19, 2006 meeting of the Planning and Economic Development Committee.

In July of 2003, City Council adopted a comprehensive parkland dedication and cash-in-lieu of parkland policy and by-law to be applied across the entire municipality. This policy is based on Provincial legislation and provides for land dedication at the time of development or where land is not required by the municipality, appropriate cash contributions in lieu of parkland. The policy further provides that where residential development of higher density is proposed, an alternative to the 5% of net land area dedication be applied using a density factor.

In June of 1999, City Council directed that a Community Improvement Plan (CIP) to promote the redevelopment of industrial and commercial properties in the City of Hamilton be prepared. The Plan was called the Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP) and was adopted by City Council in April of 2001 and approved by the Minister of Municipal Affairs and Housing in August of 2001. Subsequently, the ERASE CIP was amended in April of 2005 and the project area was expanded to the “Urban Area” of the City of Hamilton. However, the project area now identifies three separate sub-areas. These areas are known as Area 1 (Rest of Urban Area), Area 2 (older Industrial Area) and Area 3 (West Harbour Area). These areas were delineated to recognize different municipal goals and objectives unique to each area as well as to target financial incentive programs.
With its existing nucleus of industrial users and 80-90% of its land in industrial use, most of Area 2 (Older Industrial Area) will realistically remain zoned and used primarily for heavy industry and manufacturing. Suitably sized land parcels zoned for such purposes are becoming increasingly difficult to locate in Ontario because most municipalities are no longer zoning land for heavy or even limited heavy industrial uses. Yet, there continues to be a demand for heavy industrial and manufacturing type of land in the Hamilton area. This demand is best met in the older industrial areas due to the current existence of these types of uses in these areas and restrictive zoning in greenfield industrial areas.

However, there are opportunities in areas of transition within the older industrial area to convert industrial lands to other productive uses such as commercial, institutional, residential and parkland uses. This is particularly the case in Area 3 (West Harbour Area). This area, west of Wellington Street, contains a mix of several large stable residential areas and several smaller areas containing existing and former industrial uses. The condition of the residential building stock in this area is much better than that in the smaller residential enclaves in the interior of the older industrial area as the residential area around the West Harbour has benefited greatly from its proximity to Bayfront Park and Pier 4 Park.

The West Hamilton Innovation District is also located within Area 2 (Older Industrial Area) and is also an area in transition. The opportunity for redevelopment in this area is exceptional considering McMaster’s plans to establish the McMaster Innovation Park and the City’s commitment and upper levels of government’s commitment to the area.

**ANALYSIS/RATIONALE:**

By utilizing the current options in the by-law without a clear policy direction, significant costs will be attributed to redevelopments based on the density calculation. The costs will be of such significance as to render the projects uneconomical. An example is the brownfield redevelopment at 127 Burton Street where the estimated cash-in-lieu of parkland dedication based on the value of 5% of the net land area following successful remediation and planning approvals, is in the range of $42,000. Based on the proposal to provide a total of 21 street townhouse dwelling units with a density of 53 units per acre, the project is therefore subject to the alternative standard for park dedication of 1 ha per 300 units, or 0.07 ha. The cash-in-lieu payment for said land dedication would be in the range of $149,000, an increase of $107,000 which would need to be reflected in an adjusted purchase price for the individual dwelling units. This cash-in-lieu difference is $2,000 per dwelling unit versus $7,095 per unit. The housing market in Erase areas 2 and 3 may not bear this additional cost and will result in projects becoming financially unfeasible. Construction and brownfield rehabilitation costs remain the same across Hamilton however, housing market conditions vary significantly. For example, according to MLS residential sales statistics for the year 2005, the average selling price of a residence in the area north of Barton Street between James St. N. and Kenilworth Ave. N. was $92,467, compared to the average selling price in the remainder of the old City of Hamilton which was $174,046. This being the case, staff recommends treating Area 2

and 3 of the ERASE Community Improvement Project Area differently when calculating Parkland Dedication.

Staff’s recommended alternative to the status quo is to treat brownfield properties with approved ERASE Redevelopment Grant Applications within Area 2 and 3 of the ERASE Community Improvement Project Area the same as properties within the Downtown Hamilton Community Improvement Project Area. Therefore, only the flat 5% parkland dedication would apply for residential development rather than the density method of calculation. This would not be economically crippling and the City would still collect monies for the purchase and development of City parkland albeit at a reduced rate.

**ALTERNATIVES FOR CONSIDERATION:**

The alternative would be to do nothing and continue to collect cash-in-lieu of parkland dedication fees using the density calculation. Staff does not recommend this action because (as stated above) this method of calculation will render residential brownfield redevelopment projects in Areas 2 and 3 as financially unfeasible. The result would be projects not moving forward leading to lost opportunities to redevelop brownfield properties.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Financial - There are no direct financial costs to the municipality resulting from the recommendation other than reducing the amount of cash-in-lieu collected for parkland dedication, and only on residential developments within ERASE CIP Areas 2 and 3.

Based on availability of capital funds, the parkland reserve would be replenished for lost revenues on an annual basis as appropriate. Applications would be tracked by the Planning Department noting the difference between the 5% value paid and the value that would have been paid under the normal density formula. Each year as part of the annual budget, a submission would be made by staff to replenish the reserves for the lost revenues, provided there are sufficient capital funds available to do so. This method of replenishing the reserves is efficient and not administratively cumbersome.

Staffing – The application of this policy would be handled through the Development and Real Estate Division of the Planning and Economic Development Department.

Legal – This recommendation is in accordance with the parkland dedication and cash-in-lieu of parkland policies adopted by City Council and which policies are based upon the relevant provisions of the Planning Act. This report has been vetted through the City Solicitor.

**POLICIES AFFECTING PROPOSAL:**

The ERASE Community Improvement Plan, as well as the City’s Parkland Dedication and Cash-in-Lieu of Parkland policies are relevant considerations in the preparation of this report.
RELEVANT CONSULTATION:

This report has been reviewed by Development and Real Estate Division staff as well as the City Solicitor.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Brownfield sites are being remediated. This contributes to the health and vitality of the neighbourhoods within which they are located.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
The remediation and redevelopment of brownfield properties makes efficient and effective use of City services as well as protecting human health and safety.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Brownfield redevelopment programs lead to effective partnerships with community stakeholders and the development community. Developers and property owners invest in brownfield properties leading to property assessment increases through the rehabilitation and redevelopment of buildings and properties.

Does the option you are recommending create value across all three bottom lines?

☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No

Hamilton continues to lead initiatives related to brownfield redevelopment. Such initiatives are professionally stimulating and result in Hamilton being a choice for employment to those interested in bettering community life.

:CR/JG
Attach. (1)