SUBJECT: Hamilton’s Redevelopment Prioritization Strategy and Recommended Application of Province’s $3 Million Brownfields Contribution (PED08015) (City Wide)

RECOMMENDATION:

(a) That staff be authorized and directed to issue a Request for Proposal to retain a consultant to develop a model (including evaluative criteria) to assess and rank potential brownfield redevelopment opportunities in the City of Hamilton based on municipal best practices and the brownfield redevelopment objectives of the City.

(b) That the consultant be required to identify a minimum of 30 strategic redevelopment sites employing the evaluation model and create a comprehensive property information inventory and potential redevelopment options for each of the 30 sites.

(c) That the consultant identify and prioritize those properties most likely to develop and having the greatest redevelopment value to the City whereby the full capital grant of $3 million received from the Province of Ontario in April 2007 may be utilized to expedite their redevelopment, subject to Council approval of the consultants report and site selection.

(d) That the cost of the consultant shall not exceed $150,000 to be funded from Reserve Account No. 112004 (Brownfields Program Reserve).
EXECUTIVE SUMMARY:

In April 2007, the City of Hamilton received an unconditional grant of $3 million from the Province of Ontario for Brownfield redevelopment. At the Committee of the Whole on April 24, 2007 Council decided that this money should not be used to fund an enhancement to the Economic Development annual budget and agreed that the monies had to be used exclusively for Brownfield redevelopment. Although no formal direction was provided, it was implied that staff should identify potential applications and strategies for use of the one-time funding from the Province.

Consequently, staff are recommending that a comprehensive strategy be prepared by an external consultant for Council’s review and approval. The purpose of this strategy is to build on existing policy and programs, Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP) utilizing the Historic Land Use Study (HLUS) and Land Banking Study recommendations. This strategy will further assist the City of Hamilton in the redevelopment of strategic brownfield properties and outline the necessary steps for further program implementation.

BACKGROUND:

The City of Hamilton is both one of the oldest and most heavily industrialized cities in Canada. The physical legacy of this industrial heritage concentrates a large number of brownfields in the City’s north end, downtown, and lower city.

“Brownfields” are broadly defined as abandoned, idled or underused industrial or commercial properties in built-up urban areas where expansion or redevelopment is complicated by real or perceived environmental contamination, building deterioration/obsolescence, and/or inadequate infrastructure. The terms “brownfield redevelopment” and “brownfield development” are used interchangeably in this report to mean the environmental remediation, rehabilitation and development of brownfields. This is the definition used in the City of Hamilton’s ERASE Program and throughout Ontario.

Brownfield Redevelopment Incentives Offered by the City of Hamilton:

ERASE Community Improvement Plan

The ERASE CIP was adopted by City Council in April of 2001 and approved by the Minister of Municipal Affairs and Housing in August of 2001. The ERASE CIP (2001) applies to the older industrial area of Hamilton (approximately 3,400 acres).

The incentive programs in the ERASE CIP (2001) have been improved and expanded to cover the entire urban area of the City. The ERASE (2005) CIP, adopted by Council in April 2005 and approved by the Province in October 2005, allows the City to promote redevelopment on brownfield sites across the City. The City continues to pursue pilot projects to showcase innovative brownfield redevelopment approaches and technologies.
ERASE outcomes since program inception 2001:

• 19 development applications received
• Total construction expenditures in excess of $168 million
• Remediation and redevelopment of over 103 acres of formally vacant and underutilized brownfields
• Projects anticipate to be awarded a total of approximately $6.7 million in ERASE Redevelopment Grant funding
• Estimate of approximately 350 new jobs
• An increase in long-term annual property tax revenues of approximately $1,590,000

The City of Hamilton has also put in place several other programs to promote brownfield redevelopment. First, in response to the Brownfields Statute Law Amendment Act, the City of Hamilton adopted a policy on the treatment of potentially contaminated properties that fail tax sale. This policy has allowed the City to conduct tax sales on brownfield properties and issue requests for offers (RFO’s) for the cleanup and redevelopment of these properties. This policy has resulted in several abandoned properties being returned to productive economic use and an increase in tax arrears being paid off. The City also has a brownfield development charges reduction program which allows developers who are participating in the ERASE Redevelopment Grant Program to reduce development charges payable by remediation expenses approved under their ERASE Redevelopment Grant.

Current Projects:

*Historic Land Use Study (HLUS)*

The Federation of Canadian Municipalities (FCM) approved cash matching funding to conduct an HLUS. The purpose of the project is to design and compile a comprehensive historical land use inventory for the urban area of Hamilton (expected completion is December 2007). A GIS database will identify and describe sites, identify past uses and have the ability to track site assessments and remediation efforts in a comprehensive and consistent manner. The database will be compiled from existing data sources. The purpose of the project is to assemble and transfer existing information to a central place, the GIS database, rather than collecting new data.

The database must be appropriate to City staff in implementing the following programs:

• Environmental Remediation and Site Enhancement (ERASE) Plan
• City’s Contaminated Sites Management Program (CSMP)
• Regulatory Services of Water Wastewater
• Source Drinking Water Protection Planning
The database will enable staff to respond to information requests, monitor development in the ERASE project area, provide feedback to fine tune the ERASE Plan and to supply information for the ERASE Redevelopment Opportunities Marketing Program. The data will complement the City’s Contaminated Sites Management Program (CSMP) for municipal works by offering a greater level of detailed contaminant screening information. Water and Wastewater can use the information to identify possible sources of contaminants, while the Source Protection Planning group can identify existing threats to drinking water sources.

**Land Banking Study**

At the Committee of the Whole on April 24, 2007 Council directed staff to hire a consultant to investigate Land Banking. The purpose of this study is intended as a general overview of land banking as a land management tool that will assist the City of Hamilton in the development of their brownfield properties and to outline the necessary steps for undertaking the preparation of a land banking policy (expected completion is January 2008).

The Study will investigate and develop a business case to determine if the City should be in the “Land Bank” business for brownfield redevelopment. This would include a review if the City should proactively consolidate and assemble lands and possibly clean-up the lands to make them “shovel ready” for businesses to locate.

This Study will:

1) Investigate best practices across the U.S. and Europe with specific focus on those that have proven most successful.
2) Identify the pros and cons of each of these models identified in the best practices review.
3) Recommend a model as a preferred alternative for implementation in Hamilton.
4) Specify the advantages and disadvantages along with the approximate cost and timelines to set up a similar proactive program in Hamilton.
5) Establish the criteria that would be used for the identification of strategic Brownfield properties for acquisition and assembly.
6) Propose financial modelling and incentive programs (that could be implemented in Ontario under existing legislation, etc.).
7) Recommend benchmarks and performance measures to determine the success of the program.
8) Investigate strategic partnerships and joint venture opportunities that could be employed to implement the program.
The Need for a New Innovative Brownfield Strategy:

Hamilton’s Redevelopment Prioritization Strategy and Recommended Application of Province’s $3 Million Contribution

The purpose of this strategy is to identify, characterize, and prioritize brownfield redevelopment opportunities across the City of Hamilton. The successful consulting firm/consultant will have access to both the Historic Land Use Study (HLUS) and Land Banking Study. Both are expected to be completed by the end of January 2008 before the Request for Proposal (RFP) is awarded.

The activities undertaken by the consulting firm will focus on the following research objectives directly linked to the Historic Land Use Study (HLUS):

1. The development and application of a replicable evaluation model (including evaluative criteria) to assess and differentiate redevelopment opportunities in the City of Hamilton based on municipal best practices and the brownfield redevelopment goals of the City.

2. The identification of a minimum 30 key redevelopment sites using the evaluation framework and the creation of a property information inventory for each site that includes all pertinent land use data and zoning, aerial and GIS identification (mapping), property value assessments and Phase I Environmental Assessment overviews.

3. Based on the City of Hamilton’s planning documents and surrounding land use, environmental assessments and other development regulations, and the information outlined in Objective 2 above, the consultant will identify and present preferred redevelopment options for each of the 30 properties/sites.

4. Identify those brownfield redevelopment priorities whereby the capital grant of $3 million received from the Province of Ontario could be best utilized for the following: remediation, rehabilitation, adaptive reuse and improvement of municipally owned brownfield properties; strategic acquisition or land banking; and/or public-private partnership to leverage the $3 million to remediate, rehabilitate, reuse of a number of privately-owned brownfield properties.

5. Provide data and information that achieves Objectives 2 and 3 above in a standardized format compatible with the Historic Land Use Study (HLUS).

6. Define how the Planning and Economic Development Department will subsequently pre-approve development for these sites, put proper zoning in place, set out development conditions and assist in aggressive marketing.
Expected Outcomes:

Implementing the findings of the *Identification of the City of Hamilton’s Top Brownfield Redevelopment Opportunities* should help transform the City of Hamilton’s north end neighbourhoods, restore valued historical buildings, and rehabilitate industrial sites for new economic activity/assessment as well as provide guidance for further planning and investment marketing initiatives.

ANALYSIS/RATIONALE:

N/A

ALTERNATIVES FOR CONSIDERATION:

Alternatives to this proposal include the following: using the $3 million to purchase and remediate a strategic brownfield property(s) identified by Council; leave the $3 million in a reserve pending the identification of another strategic project.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial: Estimated cost of a consultant for this project would be approximately $150,000 and would be funded from Reserve Account No. 112004 (Brownfields Program Reserve).

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Note - Project 103 balance includes this report’s funding request

Staffing: Existing staff are able to manage the consultant/project but there may be additional staff resources required if the Brownfield Strategy is pursued.

Legal: The full consultant’s report shall not be made public without the consent of all affected property owners and the Council of the City of Hamilton.
Policies Affecting Proposal:

The City of Hamilton ERASE Community Improvement Plan may need to be amended to allow the proposed initiatives/incentives in accordance with applicable sections of the Provincial Policy Statement (PPS) and other related legislation.

Relevant Consultation:

Development Engineering Division, Planning and Economic Development Department
Legal Services Division, City Manager’s Office
Budgets and Finance Division, Corporate Services Department
Senior Management Team

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
The public are involved in the definition and development of local solutions.

Environmental Well-Being is enhanced. ☑ Yes □ No
Potential to eliminate a significant number of brownfield sites city-wide.

Economic Well-Being is enhanced. ☑ Yes □ No
Infrastructure and compact, mixed use development minimize land consumption and servicing costs.

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

NE:db