SUBJECT: ERASE Redevelopment Grant Application (ERG-06-07) – National Painting & Decorating Co. Ltd. (c/o 1649626 Ontario Inc., David Horwood), 801 King Street West, 80, 86, 90 Carling Street, Hamilton (PED07078) (Ward 1)

RECOMMENDATION:

(a) That ERASE Redevelopment Grant Application ERG-06-07, submitted by National Painting & Decorating Co. Ltd. (c/o 1649626 Ontario Inc., David Horwood), owner of the property at 801 King Street West, 80, 86, 90 Carling Street, for an ERASE Redevelopment Grant not to exceed $525,000.00 payable to National Painting & Decorating Co. Ltd. (c/o 1649626 Ontario Inc., David Horwood), 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 National Painting & Decorating Co. Ltd. (c/o 1649626 Ontario Inc., David Horwood) regarding the terms and conditions governing the payment of an ERASE Redevelopment Grant for, and redevelopment of, 801 King Street West, 80, 86, 90 Carling Street, with such agreement to be satisfactory to the City Solicitor.

Lee Ann Coveyduck
General Manager
Planning and Economic Development Department
EXECUTIVE SUMMARY:

ERASE (Environmental Remediation and Site Enhancement) Redevelopment Grant Application was submitted by National Painting & Decorating Co. Ltd. (c/o 1649626 Ontario Inc., David Horwood) for redevelopment of the property at 801 King Street West, 80, 86, 90 Carling Street (see Appendix A). The application qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a residential multi-unit development of 39 suites on 9 storeys. The Grant Application is for $525,000.00 in eligible environmental site remediation costs.

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. Refer to Appendix B for a summary of the estimated/actual financial impact of this program to date (inclusive ERASE Applications contained in this report).

This application meets the grant criteria specified in the 2005 ERASE Community Improvement Plan (CIP). This redevelopment will result in the physical enhancement of this industrial site via environmental site remediation leading to the development of the proposed facilities 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 Community Improvement Plan (CIP).

BACKGROUND:

Site History

The following site history was identified in the Phase II ESA Report as prepared by Bluewater Environmental Inc. for National Painting & Decorating Co. Ltd. (c/o 1649626 Ontario Inc., David Horwood). The site to be developed occupies the lands at 801 King Street West, 80, 86, 90 Carling Street in Hamilton, Ontario. The site (801 King Street West) currently resides as a vacant commercial lot formerly occupied by a commercial paint store (National Painting & Decorating Ltd. 1955-2005) and former dry cleaning operation (Your Personal Cleaners in 1950). Previous environmental reports were reviewed where registered wastes were recognized as paint pigments, residues, aromatic solvents and waste oils/lubricants. Two underground storage tanks (USTs) were formerly located on the site. Soil and groundwater samples showed elevated levels of petroleum hydrocarbons/VOC nature as well as strong smelling solvent odours. The contaminants presence is assumed to have originated from the previous operations and the USTs on site. Past soil and groundwater contamination was revealed in specific areas relevant to previous operations on the subject site of 801 King Street West.
Off-site impacts to surrounding residential properties i.e. 80, 86 and 90 Carling Street are in the opinion of Bluewater Environmental Inc. affected from source contamination found at 801 King Street West.

**ERASE Applications**

The application for an ERASE Redevelopment Grant submitted by the agent of the property at National Painting & Decorating Co. Ltd. (c/o 1649626 Ontario Inc., David Horwood), qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation. The application involves the site bioremediation utilizing Bluewater Environmental Inc. proven methods of In-Situ Biological Remediation Technology. The microbial bioremediation will be carried out before the soil removal, while the natural soil matrix and hydrogeology on site have not been disturbed. Once the site is remediated and meets all standards, a microbial solution will be applied to the soil after the excavation is performed in order to ensure that any future adverse effect is prevented. Once remediated, construction will begin to develop a residential multi-unit development of 39 suites on 9 storeys with approximate floor area of 50,000 sq. ft. concrete construction. Estimated project construction costs are $12 million. 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>Total Disposal/Soil Treatment Cost</td>
<td>$525,000</td>
</tr>
<tr>
<td>Environmental Consulting Fees</td>
<td>0</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>TOTAL</td>
<td>$525,000</td>
</tr>
</tbody>
</table>

*   GST is not included in the above.

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.

**Planning Status**

The OMB approved the zoning for this property on February 14, 2001 to "E" - ‘H’ (Multiple Dwellings, Lodges, Clubs, etc - Holding.) District, Modified to permit a 39-unit apartment building, subject to removal of a holding provision. The holding provision can only be removed once a traffic study has been completed and once a signed Record of Site Condition has been submitted.
ANALYSIS/RATIONALE:

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

Current (2006) MVA on the property is $735,000.00, classed as Commercial (CX), and Residential (RT) on the properties known as 801 King Street West, and 80, 86 and 90 Carling Street respectively. Current 2006 property taxes (which are currently paid in full) are approximately $15,847.74 broken down as follows:

\[
\text{Municipal Levy} = \$11,563.05 \\
\text{Education Levy} = \$4,284.69 \\
\text{Tax Cap Adjustment} = \$0 \\
\text{Total} = \$15,847.74
\]

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 $2,500,000.00 classed as Residential (RT). This new MVA is estimated to increase total annual property taxes over the current $15,847.74. The City’s share of this increase is estimated to be approximately $31,715.00 in municipal taxes, with the remaining dollars going to the Province for education taxes.

For 2006, the City has budgeted approximately $100,000.00 in foregone tax revenues with respect to the ERASE Program. This figure includes approximately $67,000.00 for previously approved ERASE Applications and $33,000.00 for future applications (includes this application). Note: ERASE tax revenue increase starts only when construction completed and occupancy occurs.

ALTERNATIVES FOR CONSIDERATION:

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.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial Implications:

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 $525,000.00. The municipal share of this property tax increase (municipal
tax increment) will be approximately $20,152.00 of which 80% or approximately $16,122.00 would be granted back on an annual basis. At that time when the total grants equal $525,000.00, or a maximum of ten (10) years, 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 $4,030.00 a year for ten (10) years (total $40,300.00). These monies will be deposited into the Brownfields Pilot Project Account to be used by the City for its Municipal Property Acquisition, Investment and Partnership (MPAIP) Program. 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 Implications:**

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

**Legal Implications:**

Upon Council approval of the staff recommendations a Redevelopment Agreement between the City and the applicant will be negotiated and executed in a form satisfactory to the Executive Director of Economic Development and the City Solicitor.

**POLICIES AFFECTING PROPOSAL:**

Report PED07078 relates to the processing of an application under the ERASE Redevelopment Grant Program (ERG) which is contained within the City’s Provincially-approved ERASE Community Improvement Plan.

**RELEVANT CONSULTATION:**

Comments from the Corporate Services Department (Taxation Division), the City Manager’s Office (Legal Services Division) and the Planning and Economic Development Department (Development and Real Estate Division) have been incorporated within Report PED07078.

**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

Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.
An underutilized and dilapidated site is now being converted into a residential use.

Environmental Well-Being is enhanced.  ☑ Yes  ☐ No
Human health and safety are protected.

The rehabilitation of this site and its development into a productive use makes efficient and effective use of City services as well as protecting human health and safety.

Economic Well-Being is enhanced.  ☑ Yes  ☐ No
Investment in Hamilton is enhanced and supported.

The ERASE programs lead to effective partnerships with community stakeholders and encourage redevelopment of contaminated and/or underutilized properties. Developers and property owners invest in Hamilton properties leading to property assessment increases.

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
Attachs. (2)
Subject Property

80, 86 and 90 Carling Street & 801 King Street West

File Name/Number: Date:
80-86-90-CarlingSt_801-KingStW December 13, 2006

Appendix "A" Scale: Planner/Technician:
N.T.S. CR/MF

Location Map

Subject Property

80, 86 and 90 Carling Street & 801 King Street West

Site of Application

Ward 1 Keymap

N.T.S
## TABLE 1 - ERASE ACTIVITY TO DATE

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Approval Date</th>
<th>Estimated / Actual Clean up costs</th>
<th>Current Municipal Levy</th>
<th>Estimated * / Actual Future Municipal Levy</th>
<th>Municipal Levy Increment</th>
<th>Grant Payment (80%)</th>
<th>Grant Payment to date (80%)</th>
<th>Brownfield Redevelopment (20% max $5m)</th>
<th>MPAIP Reserve</th>
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<tbody>
<tr>
<td>801 King St W</td>
<td></td>
<td>$525,000</td>
<td>$11,564</td>
<td>$31,716</td>
<td>$20,152</td>
<td>$16,122</td>
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<td>$4,030</td>
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<td>50 &amp; 60 Hatt St</td>
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<td>$598,575</td>
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<td>347 Centennial Pkwy N</td>
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<td>$114,271</td>
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* Estimated Calculations

see Table 2
<table>
<thead>
<tr>
<th>Address</th>
<th>Property Class</th>
<th>Estimated MVA Square Footage</th>
<th>Municipal Tax Rate</th>
<th>Est Municipal Levy</th>
<th>Education Tax Rate</th>
<th>Education Levy</th>
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</thead>
<tbody>
<tr>
<td>801 King St W</td>
<td>Residential (RT)</td>
<td>50,000</td>
<td>1.27%</td>
<td>$31,715.75</td>
<td></td>
<td></td>
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<tr>
<td>50 &amp; 60 Hatt</td>
<td>Commercial Office Building (CT)</td>
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<td></td>
<td>Residential (RT)</td>
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<td>Industrial Large (LT)</td>
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<td>$10,990.27</td>
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