### RECOMMENDATION

(a) That a grant commitment to an upset limit of $850,000 be approved under the Hamilton Heritage Property Improvement Grant Program for Hughson Business Space Corporation (Marvin Barnett, David Blanchard, Ronald Quinn, William Rogan) owner of 18, 20, 22, 24 and 28 King Street East, conditional upon all terms and conditions of the Program being met and subject to complete program applications being submitted no later than December 31, 2014;

(b) That a grant commitment to an upset limit of $250,000 be approved under the GORE Building Improvement Grant Program for Hughson Business Space Corporation (Marvin Barnett, David Blanchard, Ronald Quinn, William Rogan) owner of 18, 20, 22, 24 and 28 King Street East, conditional upon all terms and conditions of the program being met.
EXECUTIVE SUMMARY

Demolition permits were issued in December 2012 for 18-28 King Street East. Since that time a number of meetings have been held with the owner/representatives of the owner and senior staff for the purpose of discussing solutions that would maintain the architectural and heritage character of the buildings. Discussions included financial assistance available from the City of Hamilton if the properties were not demolished and/or designated under Parts IV of the Ontario Heritage Act.

Financial assistance up to $850,000 would be available under the Hamilton Heritage Property Improvement Grant Program if the buildings (or part of the buildings) were designated under Parts IV of the Ontario Heritage Act and preservation/conservation/stability work was undertaken on the buildings.

The owner would also be eligible for grants up to $250,000 under the GORE Building Improvement Grant Program if the buildings are not demolished and improvements to the existing buildings were undertaken. The GORE Building Improvement Grant Program would also be available to the owner if the properties were demolished and the building facades were reconstructed using the site’s previously existing historic façade elements and materials as supported by historical images or other documentation. The reconstruction and its related costs (e.g. cataloguing and storage) would be the only eligible cost under the GORE program in this case.

Grant commitments, as outlined in recommendations (a) and (b) to Report PED13208, would strengthen the owner’s business plan for the redevelopment of the properties which may encourage the owner to consider designation of the buildings (or part of the buildings) under Parts IV of the Ontario Heritage Act.

The grants would be subject to the owner meeting all terms and conditions of the programs as detailed in the Analysis Section of Report PED13208 including requesting that Council consider designation of the properties under Part IV of the Ontario Heritage Act and, if Council agrees to designate the property, compliance with the Heritage Permit provisions of the Act.

Alternatives for Consideration – See Page 8
Financial:

**Hamilton Heritage Property Improvement Grant Program:**

Funding for approved grants under the Hamilton Heritage Property Grant Program is contained in the Main Street Program Reserve (102048) and Capital Project ID No. 8201341800. Sufficient monies are contained in the accounts to cover an $850,000 grant commitment for 18-28 King Street East as the accounts have an uncommitted balance of approximately $866,233.

While the grant recommended in Report PED13208 will nearly deplete funding available for applications under the Program, staff has requested $250,000 for the Program utilizing a portion of the 2014 Downtown Block which will be considered by City Council during the 2014 Capital Budget process.

**GORE Building Improvement Grant Program:**

Funding for the approved grants under the GORE Building Improvement Grant Program is contained in Capital Project ID No. 8201203620 and ID No. 8201303620. Sufficient monies are contained in the accounts to cover a $250,000 grant commitment to 18-28 King Street East as the accounts have an uncommitted balance of approximately $370,000.

While the grant recommended in Report PED13208 will reduce funding available for applications under the Program, staff has requested $250,000 for the Program utilizing a portion of the 2014 Downtown Block which will be considered by City Council during the 2014 Capital Budget process.

**Staffing:**

Administration of the Hamilton Heritage Property Grant Program and GORE Building Improvement Grant Program can be accommodated within the Urban Renewal Section of the Economic Development Division and the Development Planning Heritage and Design Section of the Planning Division, Planning and Economic Development Department, as well as the Taxation Division of the Corporate Services Department.

**Legal:**

The Planning Act (Section 28) allows municipalities that have provisions in their Official Plan relating to community improvement, such as the City of Hamilton, to designate by by-law a community improvement project area, and then to prepare a Community
Improvement Plan for the project area. A municipality may then make grants and loans, in conformity with the approved community improvement plan, that would otherwise be prohibited under the Municipal Act (Section 106(1)), to the registered/assessed owners or tenants of land and buildings, or their respective assignees, within the designated project area.

Designation under Part IV of the Ontario Heritage Act allows municipalities to recognize a property’s cultural heritage value or interest, and to conserve and manage the property through the Heritage Permit process enabled under Sections 33 (alterations) and 34 (demolition or removal) of the Act. Where alterations to designated properties are contemplated, a property owner is required to apply for, obtain, and comply with a Heritage Permit for any alteration that “is likely to affect the property’s heritage attributes, as set out in the description of the property’s heritage attributes” (Sub-section 33(1)).

If the owner requests designation, the Council-approved designation process and the requirements of the Ontario Heritage Act will be followed. If Council agrees to designation of the properties, notice of Council’s intention to designate will be published in the newspaper and served on the owner. Formal objections may be made under the Ontario Heritage Act, and heard before the Conservation Review Board, prior to further consideration by Council of the designation By-law.

**HISTORICAL BACKGROUND**

*Hamilton Heritage Property Grant Program:*

City Council, at its meeting held December 12, 2007, approved the program description of the Hamilton Heritage Property Grant Program which sets out the terms and conditions of the Program. The Program is offered to property owners of heritage designated properties within Downtown Hamilton, Business Improvement Areas, Community Downtowns, the commercial corridors along Barton Street, east of the Barton Village Business Improvement Area (BIA), and along Kenilworth Avenue North (as identified in the Downtown and Community Renewal Community Improvement Project Area By-law) and, heritage designated commercial, institutional or multi-residential properties within the lower City between Highway 403 and the Red Hill Valley Parkway.

The Program offers a grant for structural/stability work required to conserve and restore heritage features of properties and, the conservation and restoration of heritage features of properties that are designated under Parts IV or V of the Ontario Heritage Act. For projects valued at $40,000 or less, the grant is based on 50% of the total project cost to a maximum grant of $20,000 for eligible work under the Program. For projects valued over $40,000, the grant includes $20,000 (i.e. 50% of $40,000), plus an
additional grant based on 25% of the total project cost over $40,000, to a maximum additional grant of $130,000. In total, no more than $150,000 will be granted for eligible work under the Program. The Program also offers an additional $20,000 grant for heritage related reports/assessments/studies.

**GORE Building Improvement Grant Program:**

City Council, at its meeting held October 12, 2011, approved the Program description of the GORE Building Improvement Grant Program which sets out the terms and conditions of the Program. The Program was introduced as a three-year Program for the purpose of supporting the maintenance, attractiveness, functionality and viability of the historic building stock that fronts on King Street East between James Street and Catharine Street, known as the “Gore”. The Program will be offered until December 31, 2014. The Program is a tool to deter further physical decay of the building stock in the “Gore” and to assist in breathing new life into formerly underutilized space.

The Program offers a matching grant to a maximum of $50,000 per municipal address. Eligible work includes walls, ceilings and foundations, roofing, central air-conditioning, furnaces, fire protection systems, barrier-free accessibility including elevators, signage, façade improvements and, the restoration/reconstruction of using existing and/or the site’s previously existing historic façade elements and materials.

### POLICY IMPLICATIONS / LEGISLATED REQUIREMENTS

Report PED13208 relates to conditional grant commitments that will be processed under future applications to the Hamilton Heritage Property Improvement Grant Program and GORE Building Improvement Grant Program which are contained within the Downtown and Community Renewal Community Improvement Plan.

The Downtown and Community Renewal Community Improvement Plan provides the framework for City Programs and initiatives in a manner that meets the legislative requirements of the Planning Act intended to stimulate private sector investment and redevelopment and, to focus municipal action and investment that promotes and enhances Hamilton’s various downtowns, commercial districts, mixed use corridors and neighbourhoods targeted for community development.

### RELEVANT CONSULTATION

Staff from the Development Planning Heritage and Design Section of the Planning and Economic Development Department and staff from the Corporate Services Department was consulted and concur with the recommendations included in Report PED13208.

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**OUR Vision:** To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

**OUR Mission:** WE provide quality public service that contribute to a healthy, safe and prosperous community, in a sustainable manner.

**OUR Values:** Accountability, Cost Consciousness, Equity, Excellence, Honesty, Innovation, Leadership, Respect and Teamwork
ANALYSIS / RATIONALE FOR RECOMMENDATION

All applications under the GORE Building Improvement Grant Program will be accepted to the end of December 2014, subject to the availability of funding. In light of this deadline, staff is also recommending that the future applications under the Hamilton Heritage Property Improvement Grant Program for 18–28 King Street East be submitted by the end of December 2014, in order that monies under the Program through this conditional approval are not tied-up for a long period of time, particularly in the event there is no activity on a proposed development. If the conditional grant commitment expires prior to submission of completed program applications, funding is freed-up for other potential projects.

All applicants under the GORE Building Improvement Grant Program are provided one year to complete the works from the time of final approval of the grants. For the purpose of applications for 18-28 King Street East, the one year period will also commence upon final approval of the grant which will be when the applications having been submitted, processed and approved through delegated authority by the General Manager of Planning and Economic Development notwithstanding the conditional approvals as set-out in the recommendations contained in Report PED13208. Applicants under the Hamilton Heritage Property Improvement Grant Program are provided two years to complete the works from the time of final approval of the grants. Under the terms of both Programs, the applicant can request a one year extension to the completion of works deadline which can be authorized by the Manager of Urban Renewal.

Grants under the Hamilton Heritage Property Grant Program and Gore Building Improvement Grant Program are based on municipal addresses, identifying multiple and separate units with ground floor street frontages and entranceways. The maximum grant under the Hamilton Heritage Property Grant Program per municipal address is $150,000 for restoration/conservation/stability work on a building and $20,000 for heritage assessments/reports/studies for a total of $170,000. The maximum grant under the GORE Building Improvement Grant Program per municipal address is $50,000.

Prior to the occupants vacating 18-28 King Street East the properties were identified as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Units/Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIN</td>
<td>18 King Street East was H&amp;R Block/Cash Money</td>
</tr>
<tr>
<td>ROLL</td>
<td>20 King Street East was Town Convenience</td>
</tr>
<tr>
<td>ADDRESS</td>
<td>22 King Street East was Mahal Restaurant</td>
</tr>
</tbody>
</table>
## Property Units/Locations

<table>
<thead>
<tr>
<th>Property</th>
<th>Units/Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>PIN 171670112</td>
</tr>
<tr>
<td></td>
<td>ROLL 251802015150100</td>
</tr>
<tr>
<td></td>
<td>ADDRESS 24 King Street East</td>
</tr>
<tr>
<td></td>
<td>4 24 King Street East was Steel House Grill</td>
</tr>
<tr>
<td>3</td>
<td>PIN 171670112</td>
</tr>
<tr>
<td></td>
<td>ROLL 251802015150130</td>
</tr>
<tr>
<td></td>
<td>ADDRESS 28 King Street East</td>
</tr>
<tr>
<td></td>
<td>5 28 King Street East was South Side</td>
</tr>
</tbody>
</table>

Appendix “A” to Report PED13208 identifies the location of 18-28 King Street East.

Based on the above, the applicant would be able to submit five applications under the Hamilton Heritage Property Improvement Grant Program and the GORE Building Improvement Grant Program. The five municipal addresses are: 18, 20, 22, 24 and 28 King Street East.

In order to be eligible for the full amount of $150,000 per municipal address under the Hamilton Heritage Property Improvement Grant Program for the restoration/conservation/stability work, the applicant would have to spend a minimum of $560,000 per municipal address on eligible items under the Program ($2,800,000 in total for the five municipal addresses). To be eligible for the additional $20,000 per municipal address for heritage assessments/reports/studies, the applicant would have to spend a minimum of $20,000 per municipal address ($100,000 in total for the five municipal addresses) on eligible costs related to those heritage assessments/reports/studies.

In order to be eligible for the full amount of $50,000 per municipal address under the GORE Building Improvement Grant Program the applicant would have to spend $100,000 per municipal address or, $500,000 in total for the five municipal addresses.

Estimates submitted with each application would have to be broken down for each municipal address. Estimates for the entire project will not be accepted.

The following is undertaken when processing applications submitted under the financial incentive programs:

- Zoning Verification (uses not in compliance with Zoning By-law are not eligible for funding)
- Building Code Violations (violations to be addressed prior to final advancement of monies)
- Fire Code Violations (violations to be addressed prior to final advancement of monies)
- Property Standard Violations (violations to be addressed prior to final advancement of monies)
- Taxes on property proposed to be developed/improved as well as taxes on other properties in Hamilton owned by the applicant checked to determine if there are any outstanding taxes on the properties (to be paid prior to advancement of monies if approved for funding)
- Litigation (if applicant is in litigation with the City of Hamilton and the commercial relationship has been impeded, staff will not recommend approval of a loan/grant)
- Heritage designation under the Ontario Heritage Act to be determined (work with Heritage Planners in Development Planning Heritage and Design if property is designated or listed on the Inventory of Buildings of Architectural and/or Historic Interest to ensure any heritage requirements are met)

If there is no designation under the Ontario Heritage Act, there will be no grants under the Hamilton Heritage Property Improvement Grant Program.

The owner would also be eligible to apply for the BIA Commercial Property Improvement Grant Program (a matching grant to a maximum amount determined by the width of the buildings). This Program would cover elements that would not be eligible for funding under the Hamilton Heritage Property Improvement Grant Program or not funded under the GORE Building Improvement Grant Program.

Dependent upon the proposed final redevelopment plan for the project, the owner could also apply for: the Hamilton Tax Increment Grant Program (a grant based on the increase in the municipal portion of taxes attributable to the redevelopment of the property); the Multi-Residential Property Investment Program (a zero interest loan based on 25% of the construction cost for residential development or redevelopment to a maximum loan of $5 M); and, the Office Tenancy Assistance Program (a low-interest loan to a maximum of $450,000 for tenant improvements).

### ALTERNATIVES FOR CONSIDERATION

**Decline the Grants and Approve a Reduced Amount**

Declining the conditional grants and/or approving a reduced amount could result in 18-28 King Street East being demolished. The owner could still apply to the programs through the application process; however, they are seeking greater assurance that funding may be available in the early planning/business case process.

These alternatives are not recommended.

**Financial:** Grants totalling approximately $1.1 M would not be issued.
OUR Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

OUR Mission: WE provide quality public service that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Values: Accountability, Cost Consciousness, Equity, Excellence, Honesty, Innovation, Leadership, Respect and Teamwork

Staffing: Not applicable.

Legal: Not applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #1
A Prosperous and Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.1 Continue to grow the non-residential tax base.
1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2
Valued and Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.3 Enhance customer service satisfaction.

APPENDICES / SCHEDULES

Appendix “A” to Report PED13208 - Location Map

GN/HM:dkm