SUBJECT: ERASE Redevelopment Grant Application (ERG-05-05) - 2021184 Ontario Ltd. (Alex Sivitilli) - 347 Centennial Parkway North, Hamilton (PED06063) (Ward 5)

RECOMMENDATION:

a) That ERASE Redevelopment Grant Application ERG-05-05, submitted by 2021184 Ontario Ltd., (Alex Sivitilli) owner of the property at 347 Centennial Parkway North, for an ERASE Redevelopment Grant not to exceed $73,155 payable to 2021184 Ontario Ltd. 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 2021184 Ontario Ltd. (Alex Sivitilli) regarding the terms and conditions governing the payment of an ERASE Redevelopment Grant for, and redevelopment of, 347 Centennial Parkway North, with such agreement to be satisfactory to the City Solicitor.

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

An ERASE (Environmental Remediation and Site Enhancement) Redevelopment Grant Application was submitted on August 17, 2005 by 2021184 Ontario Ltd. (Alex Sivitilli) for redevelopment of the property at 347 Centennial Parkway North (Appendix A). The application qualifies for an ERASE Redevelopment Grant as a result of required remediation in order to permit construction of a proposed 18,000 sq. ft. automotive dealership – ‘Select Mazda’.

The Grant application is for $73,155 in eligible remediation costs. Estimated project construction costs are $2.6 million. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current $458,000 to approximately $1.7 million. 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 $35,813, of which 80%, or approximately $28,650 would be paid to the owner in the form of an annual grant for approximately ten (10) years (total $73,155 + $243,250 = $316,405). It is noted that ERASE Redevelopment Grant Application (ERG-05-03) was approved December 14, 2005 for the demolition and infrastructure upgrading on this site (Report PED05213). This was a separate application for $243,250 in eligible costs as noted above.

The City will also retain 20% of the municipal tax increment, approximately $7,163 a year for ten (10) years (total $64,467). 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 Community Improvement Plan (CIP), involves the City acquiring key brownfield sites, cleaning up and redeveloping property it already owns, or is 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. 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 all of the grant criteria specified in the ERASE CIP and will result in the physical enhancement of this industrial site via remediation leading to the development of the proposed facility. This 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.
BACKGROUND:

History

This application for an ERASE Redevelopment Grant was submitted by the owner of the property at 347 Centennial Parkway North, 2021184 Ontario Ltd. (Alex Sivitilli), for site remediation and was discussed with staff August 2005. At this meeting, the applicant claims to have submitted the grant application and all supporting documentation (Phase I and Remediation Work Plan) to the Department during the summer of 2004. This date was prior to the completion of remediation of the site in June 2005. It is an eligibility requirement of the ERASE Redevelopment Grant Program that applications must be received by staff prior to the commencement of any work since this is not a retroactive program. Staff has not been able to locate this application or any supporting documentation. It can be confirmed that the applicant did in fact have discussions with department staff during this time period. Consequently, the recommendation by staff is to accept this application in good faith.

2021184 Ontario Ltd. (Alex Sivitilli) had the property remediated June 1, 2005 by Regional Waste Transit. A Phase II environmental site assessment revealed petroleum hydrocarbon impacted soils. Suspect former underground storage tanks (UST) were removed but soil not removed. Work undertaken:

- Remedial excavation of soil in location of the former UST
- Excavation and removal of 166.49 tonnes of impacted soil
- Excavation of west side of property along rail line
- Excavated site was backfilled with crushed stone
- Compaction of backfill material
- Impacted soil transported and disposed of at Taro East Landfill

The Application

The application for an ERASE Redevelopment Grant submitted by the owner of the property at 347 Centennial Parkway North, 2021184 Ontario Ltd. (Alex Sivitilli), qualifies for an ERASE Redevelopment Grant as a result of required remediation. The application involves the remediation of this site in order to permit the construction of an 18,000 sq.ft. automotive dealership – ‘Select Mazda’.

Estimated construction value of the proposed redevelopment is approximately $2.6 million. The costs eligible for an ERASE Redevelopment Grant are estimated as follows:
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.

**ANALYSIS/RATIONALE:**

The ERASE Redevelopment Grant is a component of the Council approved ERASE CIP. This application meets the criteria for approval of the application.

Current (2005) MVA on the property is $458,000, classed as Commercial (CTN). Current (2005) property taxes are approximately $22,017 broken down as follows:

- Municipal Levy = $13,187
- Education Levy = $8,778
- Tax Cap Adjustment = $52

Total: $22,017

Property taxes are current (paid in full).

Based on site plan drawings and information submitted in support of the ERASE application, staff have estimated that once the project is complete, the property, including all buildings, will have an MVA of approximately $1.7 million, classed as Commercial (CTN). This new MVA is estimated to increase total annual property taxes over the current $22,017. The City’s share of this increase is estimated to be approximately $35,813, with the remaining $23,670 going to the Province for education taxes.

For 2006, the City has budgeted approximately $100,000 in foregone tax revenues with respect to the ERASE Program. This figure includes approximately $67,000 for previously approved ERASE applications and $33,000 for future applications (includes this application). Note: ERASE tax revenue increase starts only when is construction completed and occupancy occurs.
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 owner with a grant equivalent to 80% of the increase in municipal taxes. In this case, the grant is estimated to be (0.80 of $35,813) or approximately $28,650 per year until the total eligible costs of $73,155 are repaid, or a maximum of ten (10) years, whichever comes first. In this case, the total eligible costs will be repaid in approximately ten (10) years. At that time, the City will begin to collect and retain the full municipal portion of the tax increment.

The City will also retain 20% of the municipal tax increment, approximately $7,163 a year for ten (10) years (total $64,467). These monies will be deposited into the Brownfields Pilot Project Account to be used by the City for its 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 participates in public/private partnerships to redevelop brownfield properties.

Staffing Implications:

None.

Legal Implications:

The provision of ERASE Redevelopment Grants is authorized in the ERASE CIP which was adopted and approved in 2001 and the expansion to this original plan in 2005 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 the City Solicitor.

POLICIES AFFECTING PROPOSAL:

N/A.

RELEVANT CONSULTATION:

The grant application was circulated to the Corporate Services Department (Taxation Division) and City Manager’s Office (Legal Services Division) and the Planning and
Economic Development Department (Development and Real Estate 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 Division) in consultation with the Development and Real Estate Division and Budgets and Finance Division.

Departmental Comments

Taxation Division

The 2005 assessed value is $458,000 and the property (Roll# 050-481-05540) is assessed as Commercial (CTN). Property taxes are current (paid in full). Taxes for 2005 on this property total $22,017 broken down as follows:

- Municipal Levy = $13,187
- Education Levy = $8,778
- Commercial Cap Adjustment = $52
- TOTAL (approximately) = $22,017

The projected MVA of $1.7 million is based on a comparison with a similar land use property on the Hamilton Mountain. The actual assessment could vary. MPAC takes into account numerous concerns when assigning a value. It need be stressed that the above are estimated figures.

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.

Development and Real Estate Division

The proposed redevelopment was reviewed through Site Plan Application DA-04-187, which was deemed to be approved by the Manager of Development Planning on May 2, 2005, subject to an Undertaking pursuant to Section 41 of the Planning Act, R.S.O. 1990, c.P.13 being entered into.

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

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

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
Attachs. (2)
Location Map

Subject Property
347 Centennial Parkway North

Appendix A to Report PED06063
Page 1 of 1
## ERASE ACTIVITY TO DATE (2005)

<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 $5m) MPAIP Reserve</th>
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<td>50 &amp; 60 Hatt St</td>
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<td>$ 100,428</td>
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<td><strong>$ 338,096</strong></td>
<td><strong>$ 307,098</strong></td>
<td><strong>$ 245,678</strong></td>
<td><strong>$ 61,420</strong></td>
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