SUBJECT: Enterprise Zone Grant Program - Application for 193-197 James Street North, Hamilton EZ09/02 (PED09196) (Ward 2)

RECOMMENDATION:

That Application EZ09/02 for 193-197 James Street North be approved as an eligible project under the Enterprise Zone Grant Program for the conversion of an existing lodging house located on the second and third levels to studios and offices, and the redevelopment of the existing ground level retail.

EXECUTIVE SUMMARY:

Report PED09196 summarizes an application under the Enterprise Zone Grant Program submitted by Glen Norton, President, 2206066 Ontario Inc., for the property located at 193-197 James Street North, Hamilton. Appendix “A” to Report PED09196 identifies the location of a three-storey property within the Downtown Hamilton Community Improvement Project Area. The proposed project involves the conversion of a former lodging house/retail building to studios/offices on the second and third levels and continued retail use at the ground level. The proposed redevelopment meets the criteria and requirements of the EZ Program. The proposed use is in conformity with the ‘H’ District Zone of Zoning By-law 6593.
The EZ Program applies to properties within the Downtown Hamilton Community Improvement Project Area. The EZ Program authorizes for each approved grant application, a 5 year grant, the amount of which is subject to Council approval, in an amount not exceeding the increase in municipal realty taxes as a direct result of the development/redevelopment of the land and/or building. The total of each property’s 5 years of approved grants shall not exceed the costs of the property’s development/redevelopment. The grant does not exceed 100% of the municipal realty tax increase during year one (1), 80% in year two (2), 60% in year three (3), 40% in year four (4) and 20% in year five (5). Initially the EZ Program offered a 10 year grant, however City Council at its meeting held March 28, 2007 approved an amendment to the EZ Program reducing the grant from a ten (10) year program to a five (5) year program. The program also allows a developer of residential condominium units to pass the tax grant on to first residential condominium purchasers only.

As applications have been received under the EZ Program since 2002, the Downtown and Community Renewal Division has sought City Council’s initial approval of the proposed projects. Once the projects have been completed and reassessment by the Municipal Property Assessment Corporation (MPAC) has occurred, staff will submit a final report relating to the proposal recommending a program of tax grants as contemplated under the terms of the EZ Program.

Enterprise Zone application EZ09/02 is for the conversion of a three-storey lodging house/retail building to a studio/office/retail building at 193-197 James Street North. For an existing building to qualify for the Program it is required to have at least a 50% annualized vacancy rate. The property has an annualized vacancy rate of 75% therefore meets the aforementioned requirement.

Application EZ09/02 for the property located at 193-197 James Street North is for the conversion of a three-storey lodging house/retail building to studio/office space on the second and third levels and redeveloped retail space at the ground level. The estimated value of the redevelopment is $315,000.00. The subject property is within the Enterprise Zone boundary outlined in the Downtown Hamilton Community Improvement Project Area. The proposed redevelopment is in conformity with the ‘H’ District Zone of Zoning By-law 6593. In our opinion, the proposed development is closely aligned with the arts uses on James Street North.

The Enterprise Zone Grant Program enhances the financial viability of the proposed redevelopment of 193-197 James Street North. In the event that the project was not to be considered for the Program, the redevelopment would be faced with financial difficulty.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial - Report PED09196 recommends that 193-197 James Street North be approved as an eligible project under the Enterprise Zone Grant Program. The recommendation also authorizes staff to continue processing this application, and as such, there are no current financial implications. Final approval by City Council will be the subject of a further staff report.

Staffing - Administration of this application under the terms of the Program can be accommodated by staff of the Downtown and Community Renewal Division and the Corporate Services Department.

Legal – Upon City Council approval of the staff recommendation and reassessment of the property by the Municipal Property Assessment Corporation (MPAC), an Agreement between the City and the applicant will be negotiated and executed in a form satisfactory to the Director of Downtown and Community Renewal and the City Solicitor. Appendix “B” to Report PED09196 outlines the issues to be addressed within the Grant Payment Agreement.

POLICIES AFFECTING PROPOSAL:

Report PED09196 relates to the processing of an application under the EZ Program which is contained within the City’s Downtown and Community Renewal Community Improvement Plan. The development is in conformity with the goals and objectives of the Plan and is in conformity with the ‘H’ District Zone of Zoning By-law 6593.

RELEVANT CONSULTATION:

The Taxation and Legal Services Divisions, Corporate Services Department were consulted during the preparation of Report PED09196.

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.

Downtown and Community Renewal actively engages Downtown and BIA stakeholders in decision making as well as other City Departments.

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

The rehabilitation of the building stock and the development of properties in the Downtown 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.

Downtown Renewal programs lead to effective partnerships with community stakeholders and the development community. Developers and property owners invest in Downtown properties leading to property assessment increases through the rehabilitation 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 renewal. Such initiatives are professionally stimulating and result in Hamilton being a choice for employment to those interested in bettering community life.

HM:vk
Attachments. (2)

c.c. Mr. G. Norton, President, 2206066 Ontario Inc.
Agreement between the City and the applicant regarding the application will address the following:

- Application is in respect of the development at 193-197 James Street North, Hamilton.
- Applicant is Mr. G. Norton, President 2206066 Ontario Inc.
- Eligible improvement work is for the redevelopment of a three-storey lodging house/retail building to a studio/office/retail building. Estimated redevelopment cost is $315,000.00.
- Application is based on current assessment, as of the date the application was received complete.
- Property taxes must be paid current to receive final approval by City Council.
- Grant to be calculated based upon the recorded assessed value as above.
- Grant comprises the municipal portion of the tax increase attributable to the assessment increase resulting from the project, in accordance with and subject to the provisions of the Enterprise Zone Grant Program. All other provisions of the Program shall also be referenced within the Grant Payment Agreement.
- Applicant to acknowledge that although the project may be recognized by City Council as an acceptable, eligible project, the award and the final amount of a grant (if any) is solely within City Council’s discretion (except award may not exceed maximum amount determined within program parameters) and no grant is available unless and to the extent the assessment and municipal taxes increase, as required by the Program.
- The Program starts following post development reassessment.
- Any other matters deemed appropriate by the City of Hamilton.