SUBJECT: Hamilton Downtown Residential Loan Program, Increase in Loan Commitments for 47 Caroline Street and 66/68 King Street East and Cancellation of Loan Commitments for 92-112 King Street East and 12 Ferguson Avenue (PED06359) (Ward 2)

RECOMMENDATION:

a) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 47 Caroline Street, previously approved in the amount of $940,000 be increased by $79,240 bringing the total loan commitment to $1,019,240 to fund an increase in square footage of habitable floor space within the development project;

b) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 66/68 King Street East, previously approved in the amount of $306,800 be increased by $115,000 bringing the total loan commitment to $421,800 to fund an increase in square footage of habitable floor space within the development project;

c) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 92-112 King Street East, previously approved in the amount of $1,600,000 be cancelled as the project will be solely developed as a hotel;

d) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 12 Ferguson Avenue, previously approved in the amount of $250,000 be cancelled due to the owner not proceeding with the residential development project; and,
SUBJECT: Hamilton Downtown Residential Loan Program, Increase in Loan Commitments for 47 Caroline Street and 66/68 King Street East and Cancellation of Loan Commitment for 92-112 King Street East and 12 Ferguson Avenue (PED06359) (Ward 2) - Page 2 of 4

e) That the Mayor and City Clerk be authorized to execute documentation satisfactory to the City Treasurer and City Solicitor required to implement the above recommendations.

Lee Ann Coveyduck
General Manager
Planning and Economic Development Department

EXECUTIVE SUMMARY:

Report PED06359 recommends approval of an increase of $79,240 in the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 47 Caroline Street and $115,000 for 66/68 King Street East both due to an increase in habitable floor space within the development projects. The report also seeks approval to cancel conditional loan commitments for 92-112 King Street East and 12 Ferguson Avenue.

BACKGROUND:

On June 11, 2003, City Council approved Report PD03123 recommending approval of a loan commitment under the terms and conditions of the Hamilton Downtown Residential Loan Program for 47 Caroline Street in the amount of $940,000. At that time, the land was vacant and the proponent provided drawings for a 40 unit condominium complex. Subsequently, the plans for the project were modified with parking for the condominium being accommodated underground. This has resulted in an increase in square footage of the residential units being developed within the building that are eligible for funding under the terms of the loan program. To date the project is 75% complete.

On March 1, 2006, City Council approved Report PED06056 recommending approval of a loan commitment under the terms and conditions of the Hamilton Downtown Residential Loan Program for 66/68 King Street East in the amount of $306,800. The buildings are of great historic significance and are known as Victoria Hall and the Foster McKay buildings. At the time of submitting an application under the program, the proposal was to create mixed-use buildings consisting of retail, office and live-work condominiums within the existing building envelopes. Subsequently, the plans for the project have been modified and additional residential units will be developed within the building that are eligible for funding under the terms of the loan program.

On March 1, 2006, City Council approved Report PED06056 recommending approval of conditional loan commitments for 92-112 King Street East in the amount of $1,600,000; and 12 Ferguson Avenue in the amount of $250,000. Downtown Renewal Staff has since received a letter from the owner of 92-112 King Street East confirming that the loan
commitment under the program was not required due to changes in plans for the redevelopment of the property. Only a hotel will occupy the existing landmark building. The owner also confirmed that he would re-apply for funding at a later date for a proposal to develop a condominium project at the corner of Main and Catharine Streets.

In May, staff of the Downtown Renewal Division sent letters to a number of applicants under the loan program whose files had been inactive for a number of months including the owner of 12 Ferguson Avenue. In the letter, staff requested confirmation that their development projects were proceeding and that their loan commitments were required otherwise, the loan monies committed by the City of Hamilton would be utilized to fund future projects under the loan program. All owners responded to the letter by the due date with the exception of the owner of 12 Ferguson Avenue. Consequently, a further letter was sent to the owner of 12 Ferguson Avenue in July confirming that the loan was cancelled and the monies would be re-directed to future projects under the loan program.

**ANALYSIS/RATIONALE:**

Funding under the Hamilton Downtown Residential Loan Program is based on $20 per square foot of habitable floor space. Modifications to development plans during the planning approval process, as well as during the construction phase, are anticipated in most projects that are funded under the program as the applicants usually apply for funding at the preliminary planning stage of their redevelopment projects. In the case of 47 Caroline Street and 66/68 King Street East, the modifications have resulted in an increase of habitable floor space that is eligible for funding under the loan program and is consistent with the terms and conditions of the program.

**ALTERNATIVES FOR CONSIDERATION:**

Non-acceptance of the recommendations contained within Report PD06359 would result in the inability of the municipality to increase the loan commitment under the terms of the program for 47 Caroline Street and 66/68 King Street East and will tie-up monies under the loan program for 92-112 King Street East and 12 Ferguson Avenue, where the monies are no longer required.

There are no alternative options for consideration at this time.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financing** – Funding is available under the terms of the Hamilton Downtown Residential Loan Program. The program is presently funded on the basis to offer $26 million in loan commitments. Due to construction timing and the paying back of committed loans, the program will never have more than $20 million out at one time. The increase in funding for 47 Caroline Street and 66/68 King Street East and the cancellation of the loan commitments for 92-112 King Street East and 12 Ferguson Avenue brings the total outstanding loan commitments to approximately $24,398,655. The cancellation of the loan commitment for 12 Ferguson Avenue in the amount of
$250,000 covers the increase of loan commitments for 47 Caroline Street and 66/68 King Street East in the total amount of $194,240. As noted above, the maximum loan commitments will not exceed $26 million.

**Staffing** - Administration of the Hamilton Downtown Residential Loan Program can be accommodated within the Downtown Renewal Division of the Planning and Economic Development Department and the Corporate Services Department.

**Legal** – The loan agreements between the City of Hamilton and the owners of 47 Caroline Street and 66/68 King Street East will be appropriately amended to reflect the increase in the loan commitments.

**POLICIES AFFECTING PROPOSAL:**

The Downtown Hamilton Secondary Plan, the Hamilton Downtown Residential Loan Program, the Downtown Hamilton Community Improvement Plan and Zoning By-law 05-200 affect the development of 47 Caroline Street and 66/68 King Street East.

**RELEVANT CONSULTATION:**

The Corporate Services Department and Legal Services have been consulted on Report PED06359.

**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
  Partnerships are promoted.

- **Environmental Well-Being is enhanced.** ☑ Yes ☐ No
  The initiatives help to improve the quality of life of the residents.

- **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

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.

GM:HM