

CITY OF HAMILTON

CORPORATE SERVICES
Taxation Division

Report to: Chair and Members Corporate Administration Committee	Submitted by: Joseph L. Rinaldo General Manager Finance and Corporate Services
Date: February 27, 2006	Prepared by: Larry Friday ext.2425

SUBJECT: Sale of 245 Catharine Street North (FCS06024) (City Wide, Ward 2)

RECOMMENDATION:

- a) That staff be directed to execute the agreement of purchase and sale in a form satisfactory to Corporate Counsel, for the parcel of land known municipally as 245 Catharine Street North, to 558154 B.C. Ltd. for the purchase price of Twenty Two Thousand, Two Hundred and Forty Dollars (\$22,240.00); and
- b) That the Treasurer be authorized to cancel the outstanding tax arrears of \$193,504.88; and
- c) That 245 Catharine Street North be declared surplus to the requirements of the City of Hamilton in accordance with the City of Hamilton Property Sales Procedural By-law 95-049.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

On January 27, 2006, staff issued a Request for Offers (RFO) for the property known municipally as 245 Catharine Street North, in accordance with the policy for failed tax sales as delineated in Report (ECO03027/FCS03157) "Policy on the Treatment of Potentially Contaminated Properties that Fail Municipal Tax Sale", approved by Council

on October 29, 2003. This property was originally advertised for tax sale in April 2005, and no bids were received on it.

Two bids were received on closing, February 24, 2006. 558154 B.C. Ltd. had the highest bid, and their proposal to build low density residential housing fits in with the current allowed zoning for that area.

BACKGROUND:

The subject property has been in tax arrears since 1999. The property was previously operating as an electroplating facility, before being abandoned by the then owners, Joyce Smith and Co. Ltd. There are substantial above ground chemicals stored on the site that the purchaser has agreed to remove, and for which a \$50,000 line of credit has been provided. This line of credit is to be defaulted to the City, should the above ground chemicals not be removed within 90 days of ownership transfer. This site has been inspected by the City of Hamilton Fire and Health Departments as well as the Ministry of the Environment. While the chemicals pose no immediate hazard to the area, it is in everyone's interest to have those chemicals removed from this abandoned site.

The City Building Department has been monitoring the site since 2000, and has currently spent \$20,192.68 on securing the site. A limited phase II environmental assessment was also done on the soil on the lands around the structures, and found limited soil contamination on the site that the purchaser will remove and clean, up to the MOE standards. There are two buildings on the site containing one residential structure and one industrial structure. Under the purchaser's proposal, these structures will be demolished at the cost of the purchaser. The purchaser will be applying for ERASE credits for the soil remediation expenses, and development charge credits for the demolition expenses.

ANALYSIS/RATIONALE:

There is an immediate need to deal with this property, due to the storage of chemicals on the site, and the cost to the City to maintain the site up to property standards. This site is also routinely inspected by the fire prevention section of the Fire Department. The City has one year from a failed tax sale to deal with the property after which our tax sale process would have to start all over. That one year date is April 12, 2006.

The estimated cost of the proper removal of the above ground chemicals ranged in price from \$60,720 in 1999 to \$221,530 in 2003. By selling this property for less than the taxes owing, we will get the current structures removed by the purchaser as well as the above ground chemicals. Then, through the assistance of the ERASE program and Development Charge credits, it is anticipated new homes or town homes will be constructed, leading to new assessments and tax revenues.

ALTERNATIVES FOR CONSIDERATION:

Leave the ownership as is and continue to monitor the building.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

This property has been budgeted for in the City's Allowance for Doubtful Accounts. \$132,448.60 will be charged to HAMTN 52108.252013. The School Boards will be proportionately charged the education taxes of \$48,524.90 and the Water Rate Budget will be charged \$12,531.38 split between HAMTN 12643 & 12642.000100

POLICIES AFFECTING PROPOSAL:

Policy on the Treatment of Properties that Fail Municipal Tax Sale (EC SO03027/FCS03157). Municipal Act, 2001 Sections 354 and 379.

RELEVANT CONSULTATION:

Legal Department, Fire Department, Building Department, Health Department, Economic Development Department, Purchasing Department, and Real Estate Department have been consulted and involved in this property as well as, consultations with the Provincial Ministry of the Environment.

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

A dangerous Building will be demolished and new single family homes or town homes built on the site.

Environmental Well-Being is enhanced. Yes No

Numerous above ground chemicals will be removed and the soil remediated to MOE standards.

Economic Well-Being is enhanced. Yes No

City will begin to start receiving tax revenue while expenses incurred for property standards will cease.

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