CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Downtown and Community Renewal Division

SUBJECT: Enterprise Zone Grant Program – 232 Cannon Street East (PED09195) (Ward 3)

EXECUTIVE SUMMARY:

Report PED09195 summarizes an application under the Enterprise Zone Grant Program submitted by 232 Cannon Street Inc. for the property located at 232 Cannon Street East. Appendix “A” to Report PED09195 identifies the location of the property within the Downtown Hamilton Community Improvement Project Area. The project involves the demolition of the existing building to a shell state and the construction of a retail/office structure. A requirement of the EZ Program when a redevelopment involves the demolition of an existing building is that Council must declare that the proposal is in conformity with the Downtown and Community Renewal Community Improvement Plan including its goals and objectives. The proposal is in conformity with the Community

RECOMMENDATION:

a) That, as per the requirement of the Enterprise Zone Grant Program, Council declare that the proposed demolition of 232 Cannon Street East and the proposed construction of a retail/office building are in conformity with the Downtown and Community Renewal Community Improvement Plan including its goals and objectives.

b) That Application EZ09/01 for 232 Cannon Street East for the construction of a retail/office building be approved as an eligible project under the Enterprise Zone Grant Program.

Tim McCabe
General Manager
Planning and Economic Development Department
BACKGROUND:

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 grant on to the original purchaser of each condominium unit.

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 reassessment by the Municipal Property Assessment Corporation (MPAC) has occurred, staff will submit a final report relating to the proposal recommending a program of grants as contemplated under the terms of the EZ Program.

Enterprise Zone application EZ09/01 is for the proposed demolition to a shell state of 232 Cannon Street East. The existing building is one-storey at the northerly section and two-storey at the southerly section. Presently the building is utilized as a postal distribution centre by Canada Post. The redevelopment will create a one/two storey building that includes a state-of-the-art pharmacy/grocery store and a medical centre.

ANALYSIS/RATIONALE:

Application EZ09/01 for the property located at 232 Cannon Street East is for the demolition to a shell-state of a commercial building and the construction of a retail/office building. The estimated value of the redevelopment is $3,410,680.00. The subject property is within the Enterprise Zone boundary outlined in the Downtown Hamilton Community Improvement Project Area. The redevelopment is in conformity with the Downtown Hamilton Community Improvement Plan and the use is in conformity with the ‘H’ District Zone of Zoning By-law 6593.

ALTERNATIVES FOR CONSIDERATION:

The Enterprise Zone Grant Program enhances the financial viability of the development of 232 Cannon Street East. 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 PED09195 recommends that 232 Cannon Street East 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 PED09195 outlines the issues to be addressed within the Agreement.

POLICIES AFFECTING PROPOSAL:

Report PED09195 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.

The Enterprise Zone Grant Program has specific Program requirements for applications that propose to clear or demolish properties with commercial, residential or industrial buildings after July 1, 2001. Enterprise Zone application EZ09/01 addresses these requirements as follows:

1. Projects are not eligible for the Enterprise Zone Program if the buildings to be cleared or demolished are designated heritage buildings. 232 Cannon Street East is not a designated property.

2. Prior to clearance and demolition, the property owner is to inform Council of: a) their plans for the demolition and clearance; and, b) their plans for the redevelopment of the property through the application for a tax grant under the Program. These conditions are satisfied through the submission of Report PED09195.

3. The proposed redevelopment of the cleared and demolished property shall be for residential and/or commercial uses expressly permitted by the Zoning By-law applicable to the property. In this case, the proposed uses (retail/office) are permitted uses in the applicable ‘H’ District Zone of Zoning By-law 6593.
4. Council is to declare that the proposed clearance, demolition and redevelopment of the property is in conformity with the Downtown and Community Renewal Community Improvement Plan. This will be achieved through Council’s approval of Report PED09195; and,

5. To be eligible for the City’s Incentive Grant Program, demolition must not occur until after Council’s declaration is made. This has been communicated to the property owner.

**RELEVANT CONSULTATION:**

The Taxation Division and Legal Services Division were consulted during the preparation of Report PED09195.

**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
Attachs. (2)
APPLICATION EZ09/01
Enterprise Zone Grant Program
232 Cannon Street East, Hamilton

Agreement between the City and the applicant regarding the application will address the following:

- Application is in respect of the development at 232 Cannon Street East, Hamilton.
- Applicant is 232 Cannon St. E. Inc.
- Eligible improvement work is the development of a one/two storey commercial building. Estimated construction cost is $3,410,680.00.
- 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.