RECOMMENDATION

(a) That amendments to the ERASE Redevelopment Grant Program as described in Appendix ‘A’ to Report PED10200 be approved;

(b) That amendments to the LEED Grant Program as described in Appendix ‘B’ to Report PED10200 be approved;

EXECUTIVE SUMMARY

In order to deliver financial incentive programs that are effective and meet the strategic direction of City Council, amendments to existing programs and the delivery of new programs are required. The purpose of Report PED10200 is:

➢ To amend the terms of the ERASE Redevelopment Grant Program in order to clarify the terms of the program when an applicant chooses not to assign the grant to first purchasers of condominium units.
To amend the terms of the LEED Grant Program in order to clarify the terms of the program when an applicant chooses not to assign the grant to first purchasers of condominium units.

Alternatives for Consideration – See Page 6.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:

**ERASE Redevelopment Grant Program:** the City collects property taxes on properties under the ERASE Redevelopment Grant Program; in turn, provides a grant for up to ten (10) years at 80% of the municipal tax increment due to remediation and redevelopment/development of the property. The City will retain 20% of the municipal tax increment per year for approximately ten (10) years up to an amount not to exceed 20% of the total estimated clean-up costs. These monies will be deposited into the Brownfields Pilot Project account to be used by the City for its ERASE Municipal Acquisition and Partnership Program (MAPP). 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 participating in public/private partnerships to redevelop brownfield properties.

**LEED Grant Program:** the City collects property taxes on properties under the LEED Grant Program; in turn, provides a grant for up to five (5) years at 75% of the municipal tax increment due to the redevelopment/development of multi-unit residential (as defined as Part 3, Group C of the Building Code), mixed-use, commercial and industrial properties that achieve LEED certification.

**Staffing:** Administration of the financial incentive programs can be accommodated within the existing staff complement of the Economic Development & Real Estate Division of the Planning and Economic Development Department, as well as the Corporate Services Department.

**Legal:** Section 28 of the Planning Act permits a municipality, in accordance with a Community Improvement Plan to make loans and grants which would otherwise be prohibited under Section 106(2) of the Municipal Act, to registered/assessed owners and tenants of lands and buildings. A Community Improvement Plan can only be adopted and come into effect within a designated Community Improvement Project Area. Changes to a Community Improvement Plan or Community Improvement Project Area require formal amendments as dictated by the Planning Act.
The Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP) is a comprehensive set of programs designed to encourage and promote brownfield redevelopment. As its name suggests, the Plan is designed to “erase” brownfields by providing financial incentives to clean them up and replace them with productive land uses; thereby, improving both economic opportunities and environmental conditions in the City. The Plan is governed by the Planning Act that permits a municipality to loan or grant monies to any person whom an owner has assigned the right to receive a loan or grant.

The City’s ERASE CIP is in its third generation after being amended and approved by Council on March 10, 2010 (Report ECO05009a). The amendments contained within that report included:

- Substituting the brownfield definition to be consistent with the provincial policy statement and current legislation, the proposed definition will allow for greater flexibility to approve projects.
- Increasing the city’s maximum contribution as part of the ERASE Study Grant Program from $15,000 per study and $20,000 per property to $20,000 per study and $25,000 per property. This is in response to the potential increase in environmental site assessment costs as a result of the Ministry of Environment’s filing of amendments to O. Reg. 153/04.
- Inclusion of additional eligible costs to the ERASE Redevelopment Grant Program. Partially in response to the amendments filed to O. Reg. 153/04 and partially to fulfil recommendation e) of report PED08169 to include Leadership in Energy and Environmental Design (LEED) eligible component costs as per the LEED Grant Program as eligible costs under the ERASE Redevelopment Grant Program.
- Inclusion of Downtown Hamilton / West Harbourfront Remediation Loan Pilot Program. On October 14, 2009, Council approved the program description and draft terms for the Downtown Hamilton / West Harbourfront Remediation Loan.

And lastly, for administrative purposes, the program descriptions under the ERASE CIP will be removed from the CIP and added as appendices so as to be consistent with the City’s other Community Improvement Plans. By removing the program description and terms from the CIP and adding them as appendices, this enables staff the ability to more easily change the description and terms to adapt to changing policy and to more effectively be able to deliver these programs to the end user.

The ERASE Redevelopment Grant Program (ERG) was established for providing an incentive to property owners to remediate and redevelop brownfield properties within the urban area of the City of Hamilton. The ERASE Redevelopment Grant Program provides a grant based on the increase in the municipal portion of the taxes due to the remediation and redevelopment of the property. The annual grant is for up to a ten (10)
year period, or to the maximum eligible cost, based on 80% of the municipal portion of the increase in taxes that are a result of the redevelopment.

The amendment to the ERG Program defines the process when an applicant chooses not to assign the grant to the first-purchasers of condominium units. In that scenario, the grant will be earned by the applicant if they have met all terms and conditions of the Program, including payment of taxes during the development stage only. The annual grant to the applicant will be pro-rated if an appeal has been filed with the Municipal Property Assessment Corporation by any of the condominium unit owners. The grant for condominium units that are under appeal will not be released until the appeals are settled through the Assessment Review Board.

The Hamilton LEEDing the Way Community Improvement Plan (CIP) is designed to encourage and promote sustainable building and sustainable land development practices within the urban area of the City of Hamilton. The Plan is governed by the Planning Act that permits a municipality to loan or grant monies to any person whom an owner has assigned the right to receive a loan or grant.

The Hamilton LEEDing the Way CIP is in its second version, after also being amended and approved by Council on March 10, 2010 (PED08168a). The purpose of this report was to introduce the expansion of the Hamilton LEEDing the Way Community Improvement Project Area to the full limits of the urban area of the City of Hamilton. Moreover, to propose that Leadership in Energy and Environmental Design (LEED) certified mixed-use and multi-unit residential (as defined in Part 3 (Group C) of the National Building Code) developments/redevelopments be eligible, along with industrial and commercial developments/redevelopments, under the LEED Grant Program (LGP).

The LEED Grant Program (LGP) description and terms has always been an appendix to the Hamilton LEEDing the Way CIP. The purpose of the LGP is to offset the additional costs of a LEED certified project against future taxes payable on the site that result from development/redevelopment. The City shares (50/50) the incremental construction cost (to a maximum), consultation, energy modelling and certification fees with the applicant to achieve LEED certification. The grant is up to five (5) years and is an amount which does not exceed 75% of the municipal realty tax increase during the term of the grant.

As with the amendment to the ERG, the amendment to the LGP defines the process when an applicant chooses not to assign the grant to the first-purchasers of condominium units. In that scenario, the grant will be earned by the applicant if they have met all terms and conditions of the program including payment of taxes during the development stage only. The annual grant to the applicant will be pro-rated if an appeal has been filed with the Municipal Property Assessment Corporation by any of the condominium unit owners. The grant for condominium units that are under appeal will not be released until the appeals are settled through the Assessment Review Board.

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.
Values: Honest, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
POLICY IMPLICATIONS

The amendment to the ERASE Redevelopment Grant Program and LEED Grant Program has been put forward in accordance with the respective CIP’s. Council can adopt by resolution, detailed implementation measures to allow for the efficient administration of financial incentive programs, and “based on monitoring results and feedback obtained from applicants, the City may periodically review and adjust the terms and requirements of the programs, or discontinue any of the programs described in this Plan, without amendment to the Plan”.

Development/redevelopment projects under the ERG and LGP must be in conformity with the applicable zoning by-laws.

RELEVANT CONSULTATION

Staff from Legal Services, and Corporate Services were consulted on Report PED10200 and concur with its contents.

The Ministry of Municipal Affairs was consulted concerning the amendments to the Community Improvement Plan.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The financial incentive programs referred to in Report PED10200 support City Council’s performance measurements as follows:

- *Increase the number of brownfield properties redeveloped per year by 2 starting in 2008.* This measure relates specifically to a primary goal of the Division’s financial incentive programs. The ERASE Redevelopment Grant Program encourages the remediation and redevelopment of brownfield properties within the urban area of the City of Hamilton.

- *Taxable assessment growth to exceed 1.5% by 2011.* This measure again specifically relates to a primary goal of the financial incentive programs. Both the ERG and LGP aim to increase taxable assessment once the development/redevelopment of the applicable properties are complete.
ALTERNATIVES FOR CONSIDERATION
(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Non-acceptance of the recommendations contained in Report PED would result in applicants under the ERASE Redevelopment Grant Program and the LEED Grant Program who choose not to assign the grant to first-condominium purchasers being penalized for tax arrears that they have no control over. This is not a recommended alternative.

Financial: Not applicable.

Staffing: Not applicable

Legal: Not applicable

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)


Growing Our Economy

• Investment in Hamilton is enhanced and supported. Property owners invest in their properties leading to property assessment increases.

Environmental Stewardship

• The financial incentive programs support intensification and the reuse of existing building stock and infrastructure.

Healthy Community

• Partnerships are promoted.

APPENDICIES / SCHEDULES

Appendix ‘A’ to Report PED10200 – ERASE Redevelopment Grant Program (ERG) Description and Terms
Appendix ‘B’ to Report PED10200 – LEED Grant Program (LGP) Description and Terms

BM:cm
8.2 ERASE Redevelopment Grant Program (ERG)

8.2.1 Purpose

The purpose of this program is to remove a serious financial impediment to brownfield redevelopment efforts, namely the large tax increase that can result when a brownfield property is redeveloped. The intent of the ERG is to encourage environmental remediation, rehabilitation, redevelopment and adaptive re-use of brownfield sites. Therefore, only those brownfield redevelopment projects that result in an increase in property assessment and taxes will be eligible for funding under the ERG. The ERG also leverages public sector investment and encourages development that would otherwise not take place without this incentive program.

8.2.2 Program Description

The ERG will provide a financial incentive in the form of a grant to help offset the cost of environmental remediation and rehabilitation of brownfield properties where redevelopment results in a re-valuation and tax increase on these properties. The ERG will be offered as a tax-increment grant on a “pay-as-you go” basis. The developer will initially pay for the entire cost of the remediation and redevelopment project. Then, when the municipality receives the incremental property taxes that result from the project, the municipality will reimburse the applicant or assignee in the form of an annual grant equivalent to 80% of the increase in City taxes that result from redevelopment. Each year, the property owner must first pay taxes owing and then the approved applicant or assignee will receive the grant. In no case will the total amount of the grant provided under this program exceed the value of the work done under eligible program costs that resulted in the assessment increase. Also, in no case, will the total amount of the grants provided under this program, the SGP (8.1), and the tax assistance provided under the Tax Assistance Program (TAP) (8.3) exceed the total cost of rehabilitating the land and buildings.

The grant provided under the ERG will equal 80% of the increase in the City portion of property taxes. The remaining 20% of the increase in the City portion of property taxes will be dedicated to the ERASE Municipal Acquisition and Partnership Program (MAPP) (see Section 8.4).

The grants may be received by an owner in conjunction with any other available municipal program except for other tax increment financing programs. The approved grants are not assignable by the owner to anyone, except to the initial purchaser of any condominium unit. The total of each property’s five years of approved grants shall not exceed the City’s share of the incremental construction cost.

A limited assignment of the grant under the terms of the Program may be made from a registered or assessed owner of the property to the initial purchaser of each new condominium unit. The assignment of the grant shall not apply to any subsequent resale of any such unit. The assigned grant shall be restricted to the balance of the five (5) year term following the date of the registration of the condominium and from the date which the building has been officially certified under the LEED rating system by the CaGBC. The first-year grant is payable during the calendar year in which 75% of the
condominium units within the project are fully assessed, and is calculated on a rateable per unit basis. A one-time administration fee of $340. per unit shall be deducted from the initial grant payment. Fees will be authorized through a by-law passed by City Council. The rate of the fees may be changed from time to time as approved by City Council.

For applicants who choose not to assign the grant to the initial purchasers of each condominium unit, the grant will be earned by the applicant if they have met all terms and conditions of the Program including payment of taxes during the development stage only. The annual grant to the applicant will be pro-rated if an appeal has been filed with the Municipal Property Assessment Corporation by any of the condominium unit owners. The grant for condominium units that are under appeal will not be released until the appeals are settled through the Assessment Review Board. The first year grant is payable during the calendar year in which 75% of the condominium units within the project are fully assessed, and is calculated on a rateable per unit basis.

The ERG will commence on or after the date of approval of this CIP, and will continue for a period of approximately ten (10) years from the date of approval of this CIP by Council of. All grant payments will cease:

a) when total grant payments provided under this program equal the total value of work done under “eligible program costs” that resulted in the re-valuation; or

b) After ten (10) years; whichever comes first.

The ERG is an application-based program. As early as possible in the development approvals process, a property owner will register their intent to participate in the program by filing an ERG Application with the Economic Development Department. Before accepting this application, the Economic Development Department will screen the application to ensure that it is for a property within the designated Community Improvement Project Area and the application meets the eligibility requirements. Applications that are not within the project area or applications that clearly do not meet the eligibility requirements will not be accepted. Acceptance of the application by the Economic Development Department City in no way implies grant approval.

Applications will be processed and approved on a first come, first serve basis. Review and evaluation of the application and supporting materials against program eligibility requirements will be done by City staff. The applicant participating in the ERG must enter into an agreement with the City. This Agreement will specify the terms and conditions of the grant. All ERG applications and agreements will be subject to approval by City Council or Council’s designate.

The amount of City taxes (“base rate”) will be determined before commencement of the project. The increase in the municipal portion of real property taxes (or “municipal tax increment”) will be calculated as the difference between the base rate and the amount of City taxes levied as a result of re-valuation by the Municipal Property Assessment Corporation (MPAC) following project completion. The municipal tax increment will be used to fund the grant. This program does not exempt property owners from an increase/decrease in municipal taxes due to a general tax rate increase/decrease, or a change in assessment for any other reason.
The applicant shall obtain and submit to the City a Phase II ESA and/or risk assessment undertaken by a qualified person that:

a) identifies the extent and provides a cost estimate for the environmental remediation of the eligible property; and,

b) Contains a detailed work plan and budget for said environmental remediation.

The applicant will be required to submit a detailed work plan and cost estimate for the demolition and on-site improvement of public works that is eligible for the ERG.

The actual component costs for all eligible cost items will be supplied to the City upon completion of the project. Payment of the grant will be based on the City’s review and satisfaction with all reports and documentation submitted outlining the full scope and cost of the work completed. Any and all of these costs may be subject to audit, at the expense of the property owner. The grant may be reduced or cancelled if the eligible work is not completed, or not completed as approved.

If during the course of the work, the scope of the work changes, or actual costs are greater or less than estimated costs, the City reserves the right to increase or decrease the total amount of the grant. The annual grant payment will be based on the actual increase in property taxes as calculated, based on the actual re-valuation by the MPAC following project completion.

The City may discontinue the ERG at any time. However, participants in the ERG with applications and agreements that were approved prior the closing of the program will continue to receive grant payments as determined through their ERG Agreement with the City. The City is not responsible for any costs incurred by the owner/applicant in any way relating to the program, including without limitation, costs incurred in anticipation of a grant.
8.2.3 Eligibility Requirements

All owners of properties within the ERASE Community Improvement Project Area are eligible to apply for funding under this program, subject to meeting the general program requirements in Section 8.0, the following eligibility requirements, and subject to availability of funding as approved by Council:

a) An application for the ERG must be submitted to the Economic Development Department prior to the commencement of any works and prior to application for building permit;

b) Such application shall include reports, plans, estimates, contracts and other details as may be required to satisfy the City with respect to the eligible costs of the project and conformity of the project with the CIP;

c) The applicant shall obtain and submit to the City a Phase II ESA and/or risk assessment undertaken by a qualified person that:
   i) identifies the extent and provides a cost estimate for the environmental remediation of the eligible property; and,
   ii) Contains a detailed work plan and budget for said environmental remediation.

d) As a condition of the grant application, the City may require the applicant to submit a Business Plan, with said Plan to the City's satisfaction;

e) The property shall be redeveloped such that the amount of work undertaken is sufficient to at a minimum result in an increase in the assessed value of the property;

f) The total value of the grant provided under this program shall not exceed the total value of work done under eligible program costs;

g) Eligible program costs include the costs of:
   i) environmental remediation, i.e., the cost of any action taken to reduce the concentration of contaminants on, in or under the eligible property to permit a record of site condition (RSC) to be filed for the proposed use by a qualified person, including costs of preparing the RSC;
   ii) Phase II and ESA’s, risk assessments or remedial work plans not covered by the SGP;
   iii) installing environmental and/or engineering controls/works, as specified in the Remedial Work Plan and/or Risk Assessment and/or Certificate of Property Use;
   iv) monitoring, maintaining and operating environmental and/or engineering controls/works, as specified in the Remedial Work Plan and/or Risk Assessment and/or Certificate of Property Use;
   v) the following Leadership in Energy and Environmental Design (LEED) Program components up to a maximum of 50% as per the City of Hamilton’s LEED Grant Program (LGP) to achieve LEED certification under the LEED rating system by the Canadian Green Building Council – CaGBC
a) incremental construction costs,
b) consultation costs,
c) energy modeling, and
d) certification fees

vi) demolition not covered by demolition charge credits (Areas 2 and 3 only);

vii) removal of existing on-site infrastructure prior to replacement up to a maximum of 25% of construction/improvement costs for on-site public works (water services, sanitary sewers and storm sewers) (Areas 2 and 3 only); and

viii) certain relocation/removal costs for existing and operating industrial manufacturing and transportation uses, where such costs relate to or contribute directly to the actual remediation and rehabilitation of the site (Area 3 only).

h) The total of the grant provided under this Program and the SGP (8.1), and the tax assistance provided under the Tax Assistance Program (TAP) (8.3) and grants or loans provided under any other applicable Community Improvement Plan shall not exceed the total cost of rehabilitating the land and buildings;

i) Actual costs for any or all of the items in eligible program costs above may be subject to audit by the City, at the expense of the property owner;

j) All property owners participating in this program will be required to enter into an agreement with the City which will specify the terms and conditions of the grant;

k) All RGP applications and agreements must be approved by City Council or City Council’s designate;

l) The owner shall submit to the Environmental Site Registry under section 168.4 of the Environmental Protection Act, a record of site condition prepared by a qualified person. The owner shall notify the City when the record of site condition has been submitted.

m) The City reserves the right to require the submission to the City’s satisfaction, of environmental reports and documentation showing the subject property has been remediated to the appropriate levels for the proposed use.

n) If a building(s) erected on a property participating in this Program is demolished before the grant period expires, the remainder of the monies to be paid out under the grant shall be forfeited;

o) The improvements made to buildings and/or land shall be made pursuant to a Building Permit, constructed in accordance with the Ontario Building Code, and in compliance with all applicable official plan and zoning requirements and approvals; and

p) Outstanding work orders and/or orders or requests to comply from the City must be satisfactorily addressed prior to grant approval.
8.2.4 Administration

The Economic Development Department will be responsible for administering the RGP, in consultation with other departments as necessary. Applications shall be submitted to the Economic Development Department and shall be accompanied by a Phase II ESA and/or risk assessment undertaken by a qualified person that:

i) identifies the extent and provides a cost estimate for the environmental remediation, installation, monitoring, maintaining and operating environmental and/or engineering controls/works of the eligible property; and

ii) contains a detailed work plan and budget for said environmental remediation, installation, monitoring, maintaining and operating environmental and/or engineering controls/works.

In addition, a cost estimate for all eligible LEED program component costs by a LEED’s certified specialist must be provided.

Applicants will be required to have a pre-application consultation meeting with City staff in order to determine program eligibility, proposed scope of work, project timing, etc.

Applications shall be submitted to the Economic Development Department and shall include a detailed work plan and cost estimate for the proposed eligible works. Said work plan and cost estimate will be supported by a Phase II ESA and/or risk assessment undertaken by a qualified person that identifies the estimated cost of environmental remediation and a written contractor’s estimate for other eligible works. The City may also require a Business Plan.

Before accepting an application, City staff will screen the application. If the application is not within the community improvement project area or the application clearly does not meet the program eligibility requirements, the application will not be accepted. Acceptance of the application by the City in no way implies grant approval.

Program eligibility will be determined by the Economic Development Department, in consultation with other departments as necessary. Applications will be recommended for approval only if they meet the criteria specified in this Plan and any other requirements of the City.

A recommendation on the ERG Application (including estimated eligible costs) and an ERG Agreement will be forwarded to City Council (or Council’s designate) for consideration. Once City Council (or Council’s designate) approves the ERG Application, the ERG Agreement will be forwarded to the applicant for signature. Once the applicant has signed the agreement, the agreement will then be executed by City officials and a copy will be provided to the applicant. The City may require the applicant to register the agreement on title immediately upon execution of the agreement.

The Owner shall submit to the MOE, a signed record of site condition (RSC) prepared by a qualified person, and the Owner shall submit to the City an acknowledgement of receipt of the RSC by the MOE. The City reserves the right to require the submission to
the City’s satisfaction, of environmental reports and documentation showing the subject property has been remediated to the appropriate levels for the proposed use.

Once the redevelopment project is complete and the property has been re-valued by the MPAC, the property owner will be sent a new tax bill. After the property owner has paid in full the new taxes for one (1) year, the City will check to see that the property is not in tax arrears and that the property is still in conformity with the terms of the ERG Agreement. The City will calculate the actual tax increment and grant payment. The City will then issue payment of the grant in the form of a cheque in the amount specified as per the calculation of the actual grant payment.
LEED GRANT PROGRAM

PROGRAM DESCRIPTION

The intent of the LEED Grant Program is to provide an economic catalyst for the construction and or redevelopment of sustainable industrial, commercial, mixed-use and multi-unit residential (as defined in Part 3 (Group C) of the National Building Code) buildings and land development in the urban area. This program applies to the Hamilton LEEDING the Way Community Improvement Project Area (as such boundaries are presently defined).

The purpose of the grant program is for the City to share (50/50) the incremental construction cost (to a maximum, as per the table provided on page 2), consultation, energy modeling and certification fees with the applicant to achieve LEED certification. Grants are calculated on the basis of the rating of official certification under the LEED rating system by the Canadian Green Building Council (CaGBC). Please refer to table below.

This program authorizes for each approved grant application, a five 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 grant, which may be approved by Council, shall be an amount, which does not exceed 75% of the municipal realty tax increase during the first five (5) years following which the building has been officially certified under the LEED rating system by the Canadian Green Building Council (CaGBC). The base year for determining pre-development taxes will be the year building permit is issued.

The grants may be received by an owner in conjunction with any other available municipal program except for other tax increment financing programs. The approved grants are not assignable by the owner to anyone, except to the initial purchaser of any condominium unit. The total of each property’s five years of approved grants shall not exceed the City’s share of the incremental construction cost.
A limited assignment of the grant under the terms of the Program may be made from a registered or assessed owner of the property to the initial purchaser of each new condominium unit. The assignment of the grant shall not apply to any subsequent resale of any such unit. The assigned grant shall be restricted to the balance of the five (5) year term following the date of the registration of the condominium and from the date which the building has been officially certified under the LEED rating system by the CaGBC. The first-year grant is payable during the calendar year in which 75% of the condominium units within the project are fully assessed, and is calculated on a rateable per unit basis. A one time administration fee of $340 per unit shall be deducted from the initial grant payment. Fees will be authorized through a by-law passed by City Council. The rate of the fees may be changed from time to time as approved by City Council.

For applicants who choose not to assign the grant to the initial purchasers of each condominium unit, the grant will be earned by the applicant if they have met all terms and conditions of the Program including payment of taxes during the development stage only. The annual grant to the applicant will be pro-rated if an appeal has been filed with the Municipal Property Assessment Corporation by any of the condominium unit owners. The grant for condominium units that are under appeal will not be released until the appeals are settled through the Assessment Review Board. The first year grant is payable during the calendar year in which 75% of the condominium units within the project are fully assessed, and is calculated on a rateable per unit basis.

The grant terminates following the five (5) year period (5 grant payments) or when the City’s share of the incremental construction cost has been granted in full (whichever comes first).

For purposes of determining the eligible amount of the increase in municipal realty taxes, special charges shall be excluded from the calculation. The base year for the purposes of calculating the grant is the taxes the day prior to the issuance of a building permit. The grant would reduce the effect of an increase in municipal (City portion only) realty taxes attributable to the differential between the pre-development assessment and the post-development assessment.

Before any grant is provided to the applicant for a property for which a satisfactory grant application has been received and approved, realty taxes are required to have been paid in full each year and, in compliance with the City’s by-laws and policies.
### LEED Rating

<table>
<thead>
<tr>
<th>LEED Rating</th>
<th>Certified</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEED Points</td>
<td>26 - 32</td>
<td>33 - 38</td>
<td>39 - 51</td>
<td>52 - 69</td>
</tr>
<tr>
<td>Energy Savings</td>
<td>25 – 35%</td>
<td>35 – 50%</td>
<td>50 – 60%</td>
<td>&gt; 60%</td>
</tr>
<tr>
<td>Annual Utility Savings</td>
<td>$0.75/sq.ft</td>
<td>$1.00/sq.ft</td>
<td>$1.25/sq.ft</td>
<td>$1.50/sq.ft</td>
</tr>
<tr>
<td><em>Return on Investment</em></td>
<td>Under 3 years</td>
<td>3 – 5 years</td>
<td>5 – 10 years</td>
<td>10+ years</td>
</tr>
</tbody>
</table>

### Incremental Construction Cost

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>1%</th>
<th>3%</th>
<th>5%</th>
<th>8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant Share</td>
<td>0.50%</td>
<td>1.5%</td>
<td>2.5%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>City Share</td>
<td>0.50%</td>
<td>1.5%</td>
<td>2.5%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

*Please note* – Return on Investment includes only annual utility energy savings.

*Source: Enermodal Engineering, Kitchener ON*

### GRANT CRITERIA

Developing, redeveloping or renovating lands and buildings within the Hamilton LEEDING the Way Community Improvement Project area for LEED certified industrial, commercial, mixed-use and multi-unit residential projects, are eligible for grant approval following the owner’s grant application for Council approval. Such application shall be submitted and only received if it is prior to the owners commencement of development of their property and shall include plans, estimates, contracts and other details as may be required to satisfy the City as to the cost of the project and as to the conformity of the project with the objectives of the Hamilton LEEDING the Way Community Improvement Plan.

Such project is also required to be in compliance with the City’s other by-laws and policies, including zoning, site plan approval, design guidelines, etc. The compliance of each application with the criteria of this program and the amount and the property’s grants (within the permitted terms of this program) is in the discretion of and subject to Council approval.

The applicant will be required to enter into an Agreement with the City of Hamilton that sets out the conditions of the annual grant.
LEED EXPLAINED

By Enermodal Engineering of Kitchener ON

The LEED™ (Leadership in Energy and Environmental Design) green building rating system was originally developed by the U.S. Green Building Council (USGBC) to provide a recognized standard for the construction industry to assess the environmental sustainability of building designs. Canadian Green Building Council (CaGBC) has since adapted the USGBC LEED™ rating system to the specific concerns and requirements of buildings in Canada.

LEED™ is a point-based rating system; points are earned for building attributes considered environmentally beneficial. LEED™ differs from other rating systems in that it has quantified most of the "green credits". For example, 5% of the building materials must be from salvaged materials to earn a point for the salvaged materials credit.

LEED™ 69 points (70 for LEED™ Canada) covering six topic areas. Each topic area has a statement of associated goals.

**Site Development**: minimize storm water run-off, encourage car pooling and bicycling, increase urban density and green space

**Water Efficiency**: eliminate site irrigation, reduce water consumption, minimize or treat wastewater

**Energy Efficiency**: reduce building energy consumption, use renewable energy, eliminate ozone-depleting chemicals, commission building systems

**Material Selection**: minimize construction waste, re-use existing building façade, use recycled and salvaged materials, use renewable construction materials and design and build more durable buildings

**Indoor Environmental Quality**: incorporate day lighting, use low off-emitting materials, provide operable windows and occupant control of work space, improve delivery of ventilation air

**Innovation in Design**: use a LEED Accredited Professional, greatly exceed the requirements of a credit, incorporate innovative environmental features not covered in other areas.

Designers can pick and choose the credits most appropriate to their project to
achieve a rating. LEED™ has four performance ratings:

- 26 to 32 points: Certified
- 33 to 38 points: Silver
- 39 to 51 points: Gold
- 52 or more: Platinum

The LEED™ system can be used in three ways to improve the “green-ness” of a building design:

1. LEED™ can serve as a design guide for the design team. The LEED™ credit system is a systematic way of ensuring that the most important environmental issues are considered during the design of a building.
2. LEED™ reports are a valuable means of showing the client and other interested parties that the design has effectively addressed environmental issues.
3. A building design can be certified by the USGBC or CaGBC.

Certification provides increased market exposure and places the building in elite company among the greenest buildings in North America. LEED™ registration and certification fees are 4 cents U.S. or 7 CDN cents per square foot. In addition, LEED™ requires calculations and documentation to validate each LEED™ credit claimed.

LEED™ is the most recognized green building rating system in North America. There are over 200 buildings that have been registered with the CaGBC (over 2000 are registered with the USGBC to become LEED™ certified). Many developers, particularly those working on federal government and leading-edge private sector buildings, are requiring that building designs meet LEED™ Silver performance. Given that conventional new buildings would likely score only a few LEED™ points, achievement of any LEED™ level represents a significant reduction in building environmental impact and improvement of indoor environment.

The Canadian version of LEED™ is similar to the U.S. version with the exception that energy efficiency is relative to the Canadian Model Energy Code for Building.

The larger benefit of LEED™ buildings is an improved indoor environment (lower absenteeism, greater productivity, better thermal comfort), lower maintenance costs (commissioned building, more durable materials, smaller or eliminated building systems), higher corporate profile (increased product sales, marketing advantage, improved employee morale), and reduced risk of remedial measures (to deal with sick building syndrome or environmental contaminants).
EXAMPLE

GRANT CALCULATION – FOR A LEED SILVER INDUSTRIAL BUILDING IN STONEY CREEK INDUSTRIAL BUSINESS PARK

The Grant shall be calculated according to the following formulas:

Grant Level (% of Tax Increment): 75%
Total Construction Cost $1,360,000
Cost increment for LEED Silver $40,800
Total Eligible Costs City’s Share (Maximum): $20,400

Pre-project AV: $48,500.00 Year: 2004
Municipal Levy: $127.55
Education Levy: $35.89
Pre-project Property Taxes: $163.44

Post-project AV: $3,185,000.00 Year: 2007

Municipal Tax Increment = Post-project Municipal Taxes (actual) - Pre-project Municipal Taxes

“Grant Payment in Year 1” (first full calendar year after re-valuation of the completed and occupied project by the Municipal Property Assessment Corporation) or the “Initial Grant Payment” = Municipal Tax Increment*100%

Calculation of Grant Payment in Year 1 (Initial Grant)

Pre-project Municipal Taxes = Municipal Levy = $127.55
Post-project Property Taxes = $183,616.94
Post-project Municipal Taxes = $126,724.46
Municipal Tax Increment = $126,724.46 - $127.55 = $126,596.91
Maximum Grant Payment in Year 1 = $126,596.91 x 0.75 = $94,947.68

NOTE: Tax increment exceeds the eligible amount, therefore, only eligible amount is payable

Therefore, Grant Payment Year 1 is $20,400 and the program ends.

Eligible Costs if:

LEED Gold = $34,000
LEED Platinum = $54,400