SUBJECT: Enterprise Zone Municipal Realty Tax Incentive Grant Program Application for 215-231 Main Street West; 62-64 Hess Street South; and, 67-69 Queen Street South, Hamilton EZ04/07 (PED07045) (Ward 2)

RECOMMENDATION:

That Application EZ04/07 for the proposed redevelopment of 10 commercial/residential properties fronting on Main Street West, Queen Street South and Hess Street South, be approved as an eligible project under the 10 Year “Enterprise Zone Municipal Realty Tax Incentive Grant Program”.

LEE ANN COVEYDUCK
General Manager
Planning and Economic Development Department

EXECUTIVE SUMMARY:

Report PED07045 summarizes an application under the “Enterprise Zone Municipal Realty Tax Incentive Grant Program” submitted by Pocrnic Realty Advisors Inc. for the properties located at 215-231 Main Street West; 62-64 Hess Street South; 67-69 Queen Street South, Hamilton, 10 existing commercial/residential properties (see Appendix “A” to Report PED07045). The proposed redevelopment involves the renovation and rehabilitation of the properties and will create 22 residential units representing 23,742 of habitable floor space along with commercial space. The proposed development meets
the criteria and requirements of the EZ Program and is consistent with the designations and policy direction of the Downtown Hamilton Secondary Plan.

**BACKGROUND:**

On August 22, 2001, City Council approved an amendment to the Downtown Hamilton Community Improvement Plan which introduced the “Enterprise Zone – Municipal Realty Tax Incentive Grant Program” (“EZ Program”). Since that time, a number of program refinements have been approved by City Council. The EZ Program applies to properties within the Downtown Hamilton Community Improvement Project Area. The program authorizes for each approved grant application, a 9 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 9 years of approved grants shall not exceed the costs of the property’s development/redevelopment. The grant does not exceed 100 percent of the municipal realty tax increase during the first five (5) years, 80% in year six (6), 60% in year seven (7), 40% in year eight (8) and 20% in year nine (9). One of the program enhancements approved since the original program was introduced is the ability of a developer of residential condominium units to pass the tax grant on to first residential condominium purchasers only. If the developer chooses to exercise this option the tax grant program is reduced from nine (9) years to five (5) years at 100%.

As applications have been received under the EZ Program since 2002, the Downtown Renewal Division has sought City Council’s initial approval of the proposed developments. 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.

**ANALYSIS/RATIONALE:**

Application EZ04/07 for the properties located at 215-231 Main Street West; 62-64 Hess Street South; 67-69 Queen Street South is for the renovation of 10 existing residential/commercial properties. The renovation cost is estimated at $1.65 million. The proposed development meets the policy direction of the Downtown Hamilton Secondary Plan. The subject property is within the Enterprise Zone boundary outlined in the Downtown Hamilton Community Improvement Plan.

The proposed redevelopment is consistent with the designation, intent and policy direction of the Downtown Hamilton Secondary Plan and is a permitted use under the Zoning By-law.
The Enterprise Zone Municipal Realty Tax Incentive Grant Program enhances the financial viability of the proposed redevelopment at 215-231 Main Street West; 62-64 Hess Street South; and, 67-69 Queen Street South. In the event that the project was not to be considered for the program, the development would be faced with a significant financial difficulty.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financing** - Report PED07045 recommends that 215-231 Main Street West; 62-64 Hess Street South and, 67-69 Queen Street South be approved as an eligible project under the Enterprise Zone Municipal Realty Tax Incentive 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 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 Renewal and the City Solicitor. Appendix “B” to Report PED07045 outlines the issues to be addressed within the Agreement.

**POLICIES AFFECTING PROPOSAL:**

Report PED07045 relates to the processing of an application under the EZ Program which is contained within the City’s Provincially-approved Downtown Hamilton Community Improvement Plan. The proposed development is consistent with the designation, intent and policy direction of the Downtown Hamilton Secondary Plan.

**RELEVANT CONSULTATION:**

Comments from the Taxation as well as the Legal Services and Corporate Counsel Divisions of the Corporate Services Department have been incorporated within Report PED07045. The recommendations within this report are in a form satisfactory to the City Solicitor.
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.

The program offered across the Downtown Hamilton Community Improvement Project Area equitably applies and results in community enhancement and well-being through revitalization and regeneration efforts.

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.

GM:HM
Attachments. (2)
APPLICATION EZ04/07
Enterprise Zone Municipal Realty Tax Incentive Grant Program
215-231 Main Street West; 62-64 Hess Street South; and, 67-69 Queen Street South, Hamilton

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

- Application is in respect of proposed development at 215-231 Main Street West; 62-64 Hess Street South; and, 67-69 Queen Street South, Hamilton.
- Applicant is Pocrnic Realty Advisors Inc. the owner of the properties.
- Eligible improvement work is the redevelopment of 10 properties for residential and commercial use. The estimated construction cost is approximately $1.65 million.
- 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 Municipal Realty Tax Incentive Grant Program. All other provisions of the program shall also be referenced within the Letter of Understanding.
- 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.