SUBJECT: Our Downtowns, Business Improvement Areas (BIAs) and “Main Street” Corridors – 2007 Annual Report and 2008 Downtown and Community Renewal Division Work Plan (PED08075) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, 15)

RECOMMENDATION:

That Report PED08075 respecting “Our Downtowns, BIAs and “Main Street” Corridors - 2007 Annual Report and 2008 Downtown and Community Renewal Division Work Plan” be received for information and that the relevant contents be made available through appropriate municipally-generated publications.

EXECUTIVE SUMMARY:

Report PED08075 summarizes developments, events and initiatives that occurred during 2007 in our City’s six (6) downtowns, twelve (12) Business Improvement Areas (BIAs) and “main street” corridors. 2007 was a transition year for the Downtown and Community Renewal Division in many ways. In the past year, we revisited and revised the very successful Community Improvement Plan and developed a brand new Community Improvement Plan for Downtown Hamilton, Community Downtowns as well as the retail corridors of the Business Improvement Areas. As a result of budget deliberations the
following new initiatives for the Downtown were approved for: i) the purchase of property in the Downtown for housing purposes; ii) the creation of a heritage grant program for heritage properties in the Downtown; iii) the development of an “artwalk” component of the existing Commercial Property Improvement Grant Program (CPIG) for Downtown properties; and, iv) the expansion of the Main Street Housing Loan and Grant Program to other “main street” corridors within the City. By the end of the year, the requisite approval from City Council, together with the legislative approval, were received for the expansion of the Main Street Program and the administration of the “artwalk” component of CPIG. The new heritage program for designated properties has received approval and is available for eligible properties. We committed $1 million to City Housing Hamilton as directed by Council. These new initiatives will yield substantial results in the coming years.

In terms of Downtown construction activity, it was not as robust as the previous year with $17.5 million in building permits in 2007 for Downtown. We attribute the decline in activity to the need for developers to arrange for financing and planning preparation etc. However we fully expect 2008 to improve in terms of Downtown construction including significant numbers in new residential units.

2007 continued to be a busy year for the design and project management of projects in community downtowns and BIAs through the Division’s capital budget projects.

Looking ahead in 2008, we will be busy with the roll-out and marketing of the expanded Main Street Housing Program, new projects as alluded to earlier, another round of both Commercial Property Improvement Grant (CPIG) and Hamilton Downtown Residential Loan applications along with the other elements of our work program.

**BACKGROUND:**

The Downtown and Community Renewal Division’s mission is to provide the public, Business Improvement Areas (BIAs), businesses, developers and City departments with a one-window approach to various programs and incentives. Currently, these programs and incentives are focussed on the renewal and regeneration of our downtown areas, Business Improvement Areas (BIAs) and “main street” corridors.

The Division is the principal point of contact for relevant matters related to the City’s six (6) downtowns, twelve (12) BIAs and “main street” corridors. Last year at this time, the Downtown and Community Renewal Division presented Council with its sixth annual report. The Division is not only committed to keeping Council apprised of developments and initiatives as they present themselves, but also to summarize these developments on an annual basis. Report PED08075 allows Council to review the previous year’s accomplishments and to examine the Division’s current work plan.

As indicated in the Executive Summary, it was a transition year for the Division in terms of residential building permits issued in the Downtown. However, construction will commence on significant residential projects in 2008 including the project at 14 Mary
ANALYSIS/RATIONALE:

DOWNTOWN/BIA LOANS AND GRANTS PROGRAMS

The Downtown and Community Renewal Division administered four (4) incentive programs in 2007:

1. Enterprise Zone – Municipal Realty Tax Incentive Grant Program
2. Hamilton Downtown Residential Loan Program
3. Commercial Property Improvement Grant Program
4. Main Street Housing Loan and Grant Program

These incentive programs are designed to: encourage the development of properties within Downtown Hamilton; the creation of new housing on a sustainable basis in Downtown Hamilton, the community downtowns, the twelve (12) Business Improvement Areas and “main street” corridors within the City of Hamilton; and, the upgrading of commercial properties within the twelve (12) Business Improvement Areas.

Measuring the performance of our incentive programs is an important commitment of the Division. The Division’s ultimate measure of success will be when the Division and the programs we measure are no longer required. The following summary of incentive program achievements in 2007 also outlines some of the performance measures for each program.

1. Enterprise Zone – Municipal Realty Incentive Grant Program

This program is exclusive to the Downtown Hamilton Community Improvement Project Area. The intent of the Enterprise Zone Municipal Realty Tax Incentive Grant Program is to provide an economic catalyst for developing, redeveloping or renovating residential/commercial lands and buildings located within the Enterprise Zone. It involves the renovation/rehabilitation of buildings that are at least 50% vacant or vacant properties including parking lots. Therefore applications submitted under this program result in the utilization of existing space or new construction on surface parking lots or vacant lots.

Initially the Enterprise Zone Program offered a 10 year grant; however City Council, at its meeting held March 28, 2007, approved an amendment to the Enterprise Zone 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 tax grant on to first residential condominium purchasers only.
The amended program authorizes for each approved grant application, a five (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 grant which may be approved by Council shall be an amount which does not exceed 100% of the municipal realty tax increase during the first year, 80% in year 2, 60% in year 3, 40% in year 4, and 20% in year 5. For purposes of determining the eligible amount of the increase in municipal realty taxes, special charges including BIA levies are excluded from the calculation. The grant would reduce the effect of an increase in municipal (City portion only) realty taxes attributable to the differential between the pre-renovation assessment and the post-renovation assessment.

The Enterprise Zone Municipal Realty Tax Incentive Grant Program provides an effective incentive for development and redevelopment initiatives within the Downtown core area. In delivering this program, the Division would like to see a minimum of five (5) new applications per year as a performance measure. Five (5) property owners made application under the terms of the program in 2007, proposing a construction value of $10.1 million. The projects include:

- 170-176 Jackson Street West – redevelopment of 15 apartments in a 3 storey building;
- 66-68 King Street East – redevelopment of a 6-storey building and 3-storey building including 7 loft-style residential units on the upper floors with commercial at the ground level;
- 121 James Street North – development of a five (5) storey building with commercial at the ground level and offices on the upper levels.
- 210 Main Street East – redevelopment of a two (2) storey building into a sixty (60) room hotel;
- 130-150 King Street East – redevelopment of an existing hotel including the renovation of two hundred and nineteen (219) guest rooms.

Since the beginning of the program in 2002 through 2007, the Downtown and Community Renewal Division has received 32 applications. The total construction value of the 28 projects that either have been built or remain as open files is approximately $190.8 million. Two (2) of the files were closed due to a change of ownership; one (1) file was closed due to project ineligibility; and, one (1) application was re-submitted at a later date.

Grants issued through the Enterprise Zone program are not advanced until construction and the post-renovation assessment are complete. Seven (7) of the projects have reached this stage when they begin to receive their grants. In 2007, $554,824.78 in actual grants was issued to these projects and $172,508.91 accrued but not paid in 2007. The total amount to be granted to these projects as per the terms of the program is estimated to be $3,551,000. This total grant accounts for just 12.1% of the total construction cost of $29,299,400 for the seven (7) projects. The grant matches the increased taxes (municipal portion only) paid by the proponents in accordance with the
 Enterprise Zone program.

2. Hamilton Downtown Residential Loan Program

The Hamilton Downtown Residential Loan Program provides a financial incentive to developers to assist with the costs of converting commercial space into apartments, construction of new apartments and assistance in the renovation of existing residential units. The program is also intended to provide assistance towards the costs of creating new residential units on vacant land.

Eligible existing buildings/vacant properties must be located in the Downtown Hamilton Community Improvement Project Area. Only class C/D commercial buildings with a pre-existing annual vacancy of not less than 20% are eligible. Vacant lands include properties developed as parking lots.

Acting as a lender, the City provides financial support for the program and ensures that development arising from the program within the Downtown is consistent with the principles and design themes contained within the Downtown Hamilton Secondary Plan.

The loan is interest free for a maximum term of five years and six months and the principal is repayable in annual amounts of ten percent, in twelve equal monthly payments, of the original loan amount. Payments will commence one year following completion of construction. The balance outstanding will be paid by a balloon payment at the end of the five year and six month term. The available loan is calculated on the basis of a maximum of $20 per square foot of habitable floor space.

A request for proposals was issued in 2007 for developers wishing to take advantage of the program. Ten proposals were submitted for the construction of approximately 423 units at a total construction cost of almost $5.5 million.

With respect to this program, the Downtown and Community Renewal Division has two measures of success. The first measure of success is that the full $26 million line of credit is committed to projects provided that the total loan monies lent under the program do not exceed $20 million at one time; Council presently has approved in excess of $26 million of loan commitments. The second measure of success is that projects loaned monies under the terms of the program release or pay back the loan within a five year six month time frame. This second measure of success is being met as well. In 2005, Chateau Royale on James Street South containing 197 residential units fully paid back their $3.4 million loan; the project known as “The Annex” at 11 Rebecca Street containing 40 residential units has begun payback of the residential loan; the seniors apartment project containing 90 units at 155 James Street South continues paying back its City loan; the project at 91 Wellington Street North containing 12 units has provided a loan repayment; the Staybridge Suites Hotel containing 109 units at 118 Market Street started paying back its loan in 2007; the project known as “Cityview Terrace” at 47 Caroline Street North containing 51 residential units has started to payback its loan; and, 4-8-14 Forest Avenue containing 25 units has provided a loan repayment.
Loan repayments to the City in 2007 totalled $1,006,960. Since the program’s inception the City has loaned $10,003,321 for the creation of 582 units. As of December 31, 2007, $5,635,360 has been paid back to the City with an outstanding balance to be paid back of $4,367,961. The City paid interest of $279,239 in 2007. Since the program’s inception, the City has paid a total interest cost of $1,083,403. The project value of the properties that have been advanced a loan is estimated by Downtown and Community Renewal staff to be $102,660,000. Therefore, the City’s cost to lend the money versus the estimated value of the development levered is a ratio of 1:95. This is an affordable use of the City incentive.

### Summary of Activity

<table>
<thead>
<tr>
<th>Units Received Loan Commitment</th>
<th>Units Received Funding to Date</th>
<th>Units under Construction</th>
<th>Units Pending Construction</th>
<th>Units Built (loan not used)</th>
<th>Un-built Unit (loan cancelled)</th>
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<td>172</td>
<td>1126</td>
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### 3. Commercial Property Improvement Grant (CPIG) Program

The CPIG program is designed to provide financial assistance to property owners and owner-authorized tenants within each of the twelve (12) Business Improvement Areas across the entire City of Hamilton. The program provides grants for the improvement of the façades and entrance features of commercial properties. It is understood that smaller scale commercial activities contribute greatly to the economic vitality and health of the commercial sector within the City of Hamilton. This program seeks to build upon these successes, and to create long-lasting physical and aesthetic improvements to the assets of commercial property owners within the Business Improvement Areas.

Eligible improvements include upgrades to façades; work such as signage, lighting, architectural detailing and façade repair work. Up to $2,500 dollars can be used for interior work associated with the entrance to the commercial use and the display areas associated with the principal entrances. Initially the program offered a matching grant to a maximum of $15,000 per property. In 2004 the maximum grant was reduced to $7,500 and in 2007 City Council approved a further amendment to the program that established the maximum matching grant at $400 per linear foot of frontage to a maximum per property of $20,000 or $25,000 for a corner property.

Under the terms of the program in 2007, grants were available to properties within the BIAs, through a request for funding application. A total of forty-three (43) CPIG applications were submitted in 2007. Twenty-two (22) applications were submitted in the Spring, proposing $911,348 of construction. Council approved $217,119 in grants for these applications, representing 23.87% of the construction cost. Twenty-one (21) applications submitted under the Fall application deadline are currently being processed and are yet to be approved by Council. They propose $1,077,450 in construction costs.
The proposed grants of $234,865 represent 21.7% of the proposed total construction costs. Actual grants totalling $161,331 were paid to 24 projects in 2007. The majority of these projects applied to the CPIG applications submitted in Fall 2006 and Spring 2007. The projects ultimately were built with a total construction cost of $343,389.

<table>
<thead>
<tr>
<th>Date Application Submitted</th>
<th>Number of Applications Paid in 2007</th>
<th>Construction Value</th>
<th>Grant Paid in 2007</th>
<th>Grant as a Percentage of Construction</th>
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<td>3</td>
<td>$38,693</td>
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<td>Spring 2005</td>
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<td>24</td>
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<td>$161,331</td>
<td>41.6%</td>
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</table>

As we roll out the program each year we track how much total construction value is leveraged from the City’s grant contribution. Although the program is a 50/50 matching grant, the true value of the work leveraged by the City grant is more than 50%. As indicated in the table above, the grants distributed through the program in 2007 achieved a 41.6% to 58.4% ratio public vs. private contribution. The performance measure of the program is to achieve a 40% public contribution versus a 60% private contribution while continually trying to improve on this ratio.

**Main Street Housing Loan and Grant Program**

The Main Street Housing Loan and Grant Program is the newest of four financial incentive programs administered by the Downtown and Community Renewal Division. The program came into effect after Council’s adoption of the Downtown Hamilton, Community Downtowns and Business Improvement Areas Community Improvement Plan in 2007.

The Main Street Program was originally designed to stimulate residential development within Hamilton’s Community Downtowns and Business Improvement Areas. However, Downtown Hamilton properties within the Downtown Hamilton Community Improvement Project Area are not eligible due to the availability of the Hamilton Downtown Residential Loan Program, the Enterprise Zone Municipal Realty Tax Incentive Grant Program as well as the Development Charge Exemption.

The program is intended to provide financial assistance for converting existing built commercial space into residential units, renovations to existing residential units or construction of new units via building additions. The program is also intended to provide assistance for the costs of creating new residential units on vacant land within the Community Downtowns and eligible Business Improvement Areas.
In 2007, the program offered a maximum loan amount of $10,000 per dwelling unit to a maximum of $100,000 per property. A maximum grant portion of $5,000 per property is also available for professional fees only. The loan is interest free for a maximum term of five years and six months and the principal is repayable in annual amounts of ten percent, in twelve equal monthly payments, of the original loan amount. Payments will commence one year following completion of construction. The balance outstanding will be paid by a balloon payment at the end of the five year and six month term. City monies do not flow to the applicant until there is evidence that 60% of the work is complete at which time 60% of the loan commitment will be released.

A total of eight applications were received in 2007 under the terms of the Main Street Program. Council approved $120,000 in loans and $20,000 in grants for four of the eight applications. The four applications represent $179,000 in anticipated construction costs for the renovation/development of twelve residential units. Based on a value of $50,000 per apartment unit, this investment represents a new market value in excess of $600,000.

In August 2007, Council approved the expansion of the Main Street Housing Loan and Grant Program to other “main streets” that are characterized by a mix of land uses predominated by ground-floor commercial uses. The expansion includes areas primarily in the lower, inner City where the population has been declining, and in areas close to McMaster University and Mohawk College so as to provide potential student housing alternatives outside of established residential neighbourhoods. Council’s approval of the Main Street Program necessitated an amendment to the Downtown Hamilton, Community Downtowns and Business Improvement Areas Community Improvement Plan.

One of the objectives of the Main Street Program is to meet the goal of fostering residential intensification in the relevant Community Improvement Project Areas. A deterrent to that goal that has warranted further examination by staff from the Downtown and Community Renewal Division, is the Development Charge Fee associated with residential development outside of the Downtown. The fee has caused the cancellation of one of the loan commitments approved to date under the Main Street Program and staff has had numerous conversations with potential property owners who are reluctant to proceed with residential development due to the economic feasibility of the proposed residential development when factoring in the development charge and the loan available under the Main Street Program. Staff will continue to monitor the situation and provide an update to Council at a later date with recommendations on how the issue can be addressed if required.

In terms of success measures, we would measure as per the Hamilton Downtown Residential Loan Program (HDRLP). However, we will commence measuring in 2008 when construction is expected and we will report on same in 2009.
2007 INITIATIVES AND ACCOMPLISHMENTS

While the Downtown and Community Renewal Division spearheaded many successful undertakings in 2007, these accomplishments were not achieved in isolation. For the most part, the successful conclusion of issues resulted because of support and participation by various City Departments. The Downtown and Community Renewal Division recognizes the Downtown issues are complex and are a delicate interplay of a variety of forces therefore requiring an interdisciplinary approach. In this regard, committees such as the Downtown/West Harbourfront Co-ordinating Committee continued their work to co-ordinate municipal efforts.

New Programs

As part of the 2007 budget deliberations, staff from the Downtown and Community Renewal Division was directed to report back with details and a cost analysis for project options for the re-direction of capital budget monies. The project options presented by staff included:

- Purchase of property in the Downtown for housing purposes
- Creation of a Heritage Grant Program for Heritage Properties in the Downtown including funding for heritage impact assessments
- Development of an “art component” pilot project for private property owners on King William Street from James Street to Ferguson Avenue
- Expansion of the Main Street Housing Loan and Grant Program

Council approved the aforementioned projects and funding options at its meeting held August 8, 2007. Details of the projects are as follows:

- **Purchase of Property in the Downtown ($1,000,000)**

  CityHousing Hamilton was directed to acquire property within the Downtown Hamilton Community Improvement Project Area, specifically on King Street between Wellington and James Streets for the purpose of redeveloping the property for housing purposes. Since that time CityHousing Hamilton staff has been working with their Board of Directors on the details of the acquisition. At the appropriate time an update on the acquisition will be presented to Council.

- **Creation of a Grant Program for Heritage Properties in the Downtown ($1,350,000)**

  The purpose of the program is two-fold:
1. **Grant for Technical and Historical Studies ($200,000)**

   The program pays for an appropriately qualified consultant to undertake technical and historical studies to a maximum grant of $20,000.

2. **Grant for Heritage Properties ($1,150,000)**

   Council, at its meeting held December 12, 2007, approved the terms of the Downtown Hamilton Heritage Property Grant Program and by-law that authorizes the City of Hamilton to offer the financial incentive.

   The Downtown Hamilton Heritage Property Grant Program (DHHPGP) is intended to provide financial assistance in the form of a grant based on 25% of total cost of regeneration of the property, to a maximum grant of $150,000. The program is offered to owners and authorized tenants for: structural/stability work required to conserve and restore heritage features of properties; and, the conservation and restoration of heritage features of properties that are: designated under Parts IV or V of the Ontario Heritage Act or have a heritage conservation easement registered on title or, are listed on the City of Hamilton’s Inventory of Buildings of Architectural and/or Historic Interest. Eligible properties must be located within the Downtown Hamilton Community Improvement Project Area. In all cases, the property must be designated under Parts IV or V of the Ontario Heritage Act before any grant monies are released.

   The objective of the DHHPGP is to assist in developing and re-using heritage properties in recognition that heritage properties are important to the urban revitalization and regeneration of our Downtown Core.

• **King William Urban Art Walk ($100,000)**

   The King William Art Walk is intended to be a permanent urban art trail on King William Street from James Street North to Ferguson Avenue North. The Downtown and Community Renewal Division introduced the arts component of the Commercial Property Improvement Grant Program as a pilot project for properties that front on King William Street between James Street North and Ferguson Avenue North. The arts component of the Program provides a matching grant to a maximum of $10,000 per property for artfully designed façade improvements or art pieces placed on private property that can be viewed by the public. The proposed art pieces are juried by staff from the Cultural Services Section, the Downtown and Community Renewal Division and the Downtown Hamilton and International Village BIAs. The Program intends to complement public art placed along the King William Urban Art Walk as administered through the Culture Services Section.

   Approval in January 2008 of the amendments to the Downtown and Community Renewal Community Improvement Plan has authorized the City of Hamilton to offer the arts component of the Commercial Property Improvement Grant Program.
Applications for the arts components will be accepted as part of the CPIG Spring 2008 application deadline and will be reported on as part of the Division's 2008 annual report.

**Expansion of the Main Street Housing Loan and Grant Program**

Details of the expansion to the Program are contained in the “Main Street Housing Loan and Grant Program” section of this report.

**New Comprehensive Community Improvement Plan and Project Area**

In 2007, as a result of a five year review of all of the financial incentive programs and initiatives of the Division, a new comprehensive Community Improvement Plan and Project Area for Downtown Hamilton, Community Downtowns and Business Improvement Areas was developed, which included modifications to some of the programs. City Council adopted and approved the Community Improvement Plan in February 2007 with final approval in March 2007.

As a result of the direction from Council to expand the Main Street Housing Loan Program to “main street” corridors within the City of Hamilton, amendments to the Community Improvement Plan were adopted and approved by Council in December 2007 with final approval in January 2008.

Amendments to the Community Improvement Plan included: adding the “main street” corridors as eligible areas under the Main Street Housing Loan and Grant Program; modification to the terms of the Downtown Hamilton Residential Loan Program, Enterprise Zone Program and Commercial Property Improvement Grant Program; and the renaming of the Community Improvement Plan to the Downtown and Community Renewal Community Improvement Plan.

Amendments to the terms of the programs were administered commencing in January 2008 results of which will be reported on as part of the 2008 annual report of the Downtown and Community Renewal Division.

**Measuring Assessments and Taxes within the DHCIPA**

Another performance measure applied to the DHCIPA is the tracking of property assessments and taxes within the DHCIPA. The Tax Division, Corporate Services Department, has confirmed that annual “municipal” taxes have increased by over $1.1 million since 2001 within the DHCIPA. The formula utilized to determine the increase is as follows: the 2001 property assessments, multiplied by the average assessment increase within Ward Two for each year properties were re-assessed by MPAC (2003, 2004 and 2006), and applying those present day values to the 2007 tax rate. Comparing the 2001 present value assessment/taxes to the 2007 actual assessment/taxes shows an increase in municipal taxes of $1.1M for the area **(pre-EZ grant payments)**. The Division also tracks each development project completed under the HDRLP and the EZ
that have been reassessed to determine the pre and post assessment and subsequent effect on taxes of the individual properties.

**Hamilton Realty Capital Corporation (HRCC)**

The HRCC is a for-profit development corporation operating within the Downtown Hamilton Community Improvement Project Area. In 2006, City Council approved the Unanimous Stakeholders' Agreement (USA) and Management Services Agreement (MSA) as the documents governing the operation of the Hamilton Realty Capital Corporation (HRCC). Downtown and Community Renewal Division staff, together with other City staff and solicitors, worked to establish the Corporation based on the business plan that was approved by City Council in the summer of 2004.

The City of Hamilton and Forum Leasehold Partners Inc. will both contribute a $2 million investment to the HRCC in accordance with the Unanimous Stakeholders' Agreement. The Designated Manager of the HRCC is Gord Moodie who also continues to perform his duties as Co-ordinator of Downtown Municipal Incentives, Downtown and Community Renewal Division. Negotiations have been taking place with respect to two (2) potential development projects that will be led by the HRCC. An information report will be forwarded to Committee and Council in the near future that will provide an update on the activities of the HRCC over the past year.

**Preparatory Work for Major Development Proposals**

The Division enhanced their efforts to increase office and retail use within the Downtown in 2007. Preparatory work for major development proposals in the Downtown was undertaken including:

- **King William Street Mixed Use Parking Structure:**

  The design concept pictured below features a 408 space parking structure with ground level retail with office/residential space on the upper floors. The project represents a value of $17,000,000 office/residential and $3,000,000 retail space for a total of $20,000,000. The development would utilize an existing parking lot at King William and Walnut Streets and incorporate 193 King Street East (the former Sandbar property). The parking structure would address, in part, the direction of the Downtown Transportation Master Plan that recommends the development of strategically located parking structures in the Downtown to address future pressure when existing surface parking lots are developed for residential/commercial use. This project will complement the Downtown Secondary Plan that identifies the existing surface parking lot at John and Rebecca Streets as an urban park. The park project is identified in the Downtown/West Harbourfront Co-ordinating Committee’s 10 Year Capital Budget Plan and, in 2007 the Division co-ordinated a Phase I Environmental Site Assessment (ESA) on the site in preparation for development of a park and is moving forward with a Phase II ESA in 2008.
• **Education Square - Main, Bay and King Street**

The design concept below features the potential development of a new administrative office for the Hamilton Wentworth District School Board (HWDSB); possibly McMaster University’s School of Family Medicine; the City of Hamilton’s Public Health Department; and, two (2) hotels. Presented to the HWDSB at its meeting held January 10, 2008, staff is now preparing a business plan for consideration by the HWDSB in Spring 2008. The proposal represents a $50,000,000 value in office; $65,000,000 in hotel space; $18,000,000 in parking; and, $5,000,000 in retail space.
• **Parking Structure – Main, Caroline, George**

The proposed development of a municipally leased parking structure at Main and Caroline Streets features Shoppers Drug Mart, LCBO and other retail uses. Planned for construction in 2008, the development represents $7,000,000 in retail value.

• **Hess Village Entertainment District Theatre**

The development of a theatre is proposed within the Hess Village Entertainment District creating a 12 month attraction for the district. The development will enhance the attractions of Hess Village as an off-season destination. The theatre is proposed to have a seating capacity of 1500 with a project value estimated between $12,000,000 - $15,000,000.

**Downtown/West Harbourfront Co-ordinating Committee (DWHCC)**

The DWHCC is a multi-disciplinary team of staff focussing on relevant issues in the Downtown and West Harbourfront area. Established in 2001, the Committee developed a 10 Year Capital Budget Plan in consultation with the general public. The Budget Plan serves as a strategy to implement the public provisions of the Downtown Secondary Plan and the Downtown Transportation Master Plan, as well as the Setting Sail Secondary Plan for West Harbour. Each year the Committee reviews the 10 Year Capital Budget Plan with the objective of re-confirming scheduling and co-ordination of streetscape improvement projects and infrastructure improvements that are to be undertaken by the Public Works Department. The 2008 priority projects for the Downtown capital block funding were recommended as follows: i) Additional monies for the Hamilton Farmers' Market; ii) Phase II of the Environmental Site Assessment for the proposed urban park at John and Rebecca Streets; iii) Additional monies for the implementation of information kiosks within the Downtown to complement the prohibition of posters on poles under the new Sign By-law; and, iv) additional monies for administration of the Hamilton Downtown Heritage Property Improvement Grant Program. A more detailed Budget Plan for the West Harbourfront area will be prepared upon final approval of the Setting Sail Secondary Plan by the Ontario Municipal Board.

A significant project that continued to be co-ordinated in 2007 by a multi-disciplinary team of staff was the master planning, functional planning and design detailed planning for the Hamilton Farmers' Market/Hamilton Library Entranceway/York Boulevard reconstruction project. Construction is anticipated to commence in 2008.

**Downtown Cleanliness and Security Task Force**

The City of Hamilton established the Downtown Cleanliness and Security Task Force in 2003 for the purpose of identifying issues related to the perception of the cleanliness and security of the Downtown Core. Since that time the Task Force has recommended,
and continues to recommend to Council, appropriate actions and strategies to rectify the perception that the Downtown is unsafe and unclean.

City Council has approved in excess of $2.5 million to date in enhanced municipal services as recommended by the Task Force including: additional litter containers and more frequent pick-up; placement and maintenance of cigarette containers; more frequent power-washing of sidewalks; the implementation of the Downtown Ambassador Program; the reinstatement of the Gore to Shore shuttle bus service; and, the replacement of the incandescent lighting in the trees of Gore Park with more energy-efficient LED lighting.

Generally, the enhanced services are proving effective, however one area that continues to be of concern to the Task Force is the need to understand the perception and reality of safety and security related issues in the Downtown and the need to develop an action plan to improve the well-being of the Downtown community. In 2007, the Task Force retained a consultant to undertake a Downtown Safety and Security Audit involving surveys, research and analysis for the purpose of developing an action plan designed to result in enhancements to the safety and security of the Downtown. The action plan and implementation strategy including any budgetary implications will be presented to Council under separate cover by the Task Force later this year.

Streetscape and Landscape Projects in the Downtowns and BIAs

Downtown and Community Renewal Division staff, specifically Dave Zimmer, Senior Landscape Architect, designed, tendered and project managed several streetscape improvement projects in the City’s Downtowns and BIAs. In addition, Public Works oversaw the Downtown Dundas Memorial Square located at King and Sydenham Streets which was reconstructed and expanded in 2007 providing an attractive urban parkette in this dynamic downtown district. Working drawings have been prepared for the Ottawa Street BIA and Waterdown BIA gateways with construction scheduled in Spring 2008. The design process is also underway for Westdale BIA gateways and Phase III of the Ancaster Square Master Plan.

The Ottawa Street BIA gateways to be placed at Ottawa and Barton Streets, and Ottawa and Main Streets, complement the home décor brand of the BIA. The gateway, pictured to the left, was designed in 2007 with implementation planned for 2008. Design details include a gateway base in the shape of a spool of cotton; a needle and thread; and buttons.

The Ottawa Street BIA’s new street blades pictured below continue the home décor brand (notice the button to the bottom of the blade).
The Waterdown BIA Gateway, pictured to the right, was designed in 2007 and reflects the Victorian Village theme and design details including the stone and inset that reflect water wheels. The gateways are anticipated to be constructed in 2008. The gateways will be installed at: Parkside Drive and Hamilton Street North; Highway #5 and Burke Street; and Goldenview Court and Highway #5.

The Ancaster Square Master Plan, pictured to the left, was developed in 2007 with consultation from the Ancaster Village Core Advisory Committee. Phase I, implemented in 2007, included landscaping to the Entranceway of the Municipal Centre and Public Library. Phase II will be implemented in 2008 and includes: an improved parking lot layout with new surface and curbing; new garbage enclosures; retaining wall and bank treatment; new planting; new steps and improved walkways; new barrier free access to the Old Town Hall; a seating area at the Municipal Centre Entrance; and, four additional parking spaces. Design details of Phase III will be developed in 2008 with construction planned for 2009.
In 2007 the **Ottawa Street Parkette** pictured below, designed by Dave Zimmer, received the City of Hamilton’s Urban Design Award for Excellence in Landscape Architect.

Features of the Parkette include: a cement surface in a quilt design; oversize spools of thread, tree grates in a lace pattern; manhole covers in the shape of buttons; thimble accents in the planting area along with games tables, and benches.

**Dundas Memorial Square**, pictured to the right, was implemented in 2007. The Square was designed by D. Zimmer who also assisted Public Works in over-seeing the reconstruction. Components include the implementation of historical interpretive plaques; an information sign, landscaping; seating area; and, a feature to place a Christmas tree during the Holiday Season.
Westdale Village BIA pedestrian scale lighting, pictured to the right was implemented in 2007.

Business Improvement Areas (BIAs)

The Downtown and Community Renewal Division supports twelve (12) BIAs, along with the Ancaster Village Core Advisory Committee and the Hess Village Pedestrian Mall Authority. Downtown and Community Renewal staff, led by Eileen Maloney, also supported the BIA umbrella group known as the Hamilton Association of Business Improvement Areas (HABIA). Meeting on a monthly basis, the HABIA meetings serve as an efficient forum for information sharing among BIAs and present an opportunity to focus on issues of common concern. HABIA is chaired by Councillor Whitehead. One notable achievement in 2007 was the expansion of the Downtown Hamilton BIA.

Bridges to Better Business

Staff from the Downtown and Community Renewal Division and the Small Business Enterprise Centre, organized the ‘Bridges to Better Business’ seminar in October. The program included keynote speakers Peter Albano who spoke on "Marketing – Taking Your Business to the Next Level"; Tim Glover who spoke on “Radical Strategy – Creating a Path of Least Resistance”; Les Smith who spoke on 2 topics: “Understanding Power and its Role in Leadership”; and “Networking”; and, a panel with representatives from: the Business Development Bank of Canada, RBC, BizSmartz, the Downtown and Community Renewal Division and the Business Advisory Centre providing information on “Financing your Business – Show me the Money”. Approximately 275 people attended the event.

Excellence in Property Awards

The Downtown and Community Renewal Division co-ordinated the 2007 Excellence in Property Awards. This awards program recognizes the vital contributions individual property and business owners make to their local community through the continual upkeep and beautification of their buildings within Hamilton’s Business Improvement Areas. The program culminated in an awards presentation at City Council on November 28, 2007. The winners from the participating BIAs were:
SUBJECT: Our Downtowns, Business Improvement Areas (BIAs) and “Main Street” Corridors – 2007 Annual Report and 2008 Downtown and Community Renewal Division Work Plan (PED08075) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, 15) - Page 19 of 30

- Ben Barnes Furs, 250 Ottawa Street North, Ottawa Street BIA;
- Mindstorm Studios/Three 16 Lounge, 316(a) and 316(b) King Street East, International Village BIA;
- Curry Elkin & Kelly Insurance Brokers Inc., 66 King Street West, Dundas BIA;
- The Landed Bank of Canada, 47 James Street South, Downtown Hamilton BIA; and,
- The Casual Gourmet, 1027 King Street West; Westdale Village BIA

Pictured here is the winner of the overall 2007 City of Hamilton Excellence in Property Award is Mindstorm Studios/Three 16 Lounge, 316(a) and 316(b) King Street East, International Village Business Improvement Area.

Administrative Changes

2007 saw a significant restructuring of the Planning and Economic Development Department including realignment of reporting responsibilities. In the case of Downtown and Community Renewal, the Hamilton Municipal Parking System formed part of the Division but as of 2007 it was assumed into the newly created Parking and By-law Services Division. In future, other areas of responsibility are intended to migrate to the Downtown and Community Renewal Division.

2007 DOWNTOWN BUILDING ACTIVITY

The Downtown and Community Renewal Division monitors the issuance of building permits for Downtown Hamilton and other community downtowns. Construction activity provides an indicator of public and private investment in these areas.

2007 Downtown Hamilton Building Activity

Building activity statistics are collected for the Downtown Hamilton Community Improvement Project Area. This area is bounded by Queen Street to the west, Victoria Avenue to the east, Cannon Street to the north, and Hunter Street to the south. It also
includes the properties fronting onto James Street north to Liuna Station and south to Charlton Avenue, as illustrated below.

A total of 105 building permits, representing nearly $17.5 million in construction, were issued within the Downtown CIP area in 2007. As illustrated in the table below, construction values have remained steady over the past seven years in Downtown Hamilton. Since the inception of the Downtown and Community Renewal Division, 2002 witnessed a significant boost due to substantial construction values of the $40 million Canada Place office building on Bay Street North that drove overall construction values to $63.5 million.

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1 An additional 20 building permits were issued in the Downtown CIP area in 2007 for demolition, signs and events. These permits are not included in the construction values reported above.
In 2007, the split between residential and non-residential construction values was 4% and 96% respectively. The Downtown and Community Renewal Division monitors this ratio in view of the goal to increase the number of residents in the City core.

The residential component accounts for nearly $626,800 of construction in 2007

Building permits were issued for the construction of 12 dwelling units in Downtown Hamilton in 2007. The dwelling units are contained within two (2) projects, accounting for $260,000. The balance of $366,800 in residential building permits in 2007 included alterations and renovations that did not result in new/renovated dwelling units.

### Residential Projects Receiving Building Permits in 2007

<table>
<thead>
<tr>
<th>Project Location</th>
<th>Units</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>235 Rebecca Street</td>
<td>8</td>
<td>These dwelling units are a partial conversion of existing ground floor space to 8 units.</td>
</tr>
<tr>
<td>42 Mary Street</td>
<td>4</td>
<td>The conversion of the basement for an additional 4 dwelling units resulting in an apartment building with 25 dwelling units in total.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>Total construction value = $260,000</strong></td>
</tr>
</tbody>
</table>

The 12 units did not receive funding under the terms of the Hamilton Downtown Residential Loan Program (HDRLP).

What we are witnessing in the Downtown is that the majority of projects that City Council has approved loan commitments for under the HDRLP are either for new buildings that are subject to providing ancillary parking or, for projects that require significant time to arrange project financing. These timing issues together with the shortened construction season require a minimum of 18 months from the “conceptual”
stage of projects to the “implementation” stage. Looking forward to 2008, and in speaking with a number of the developers that have received loan commitments from Council, we conservatively forecast building permits being issued for 400 residential units. These projects include the new Homewood Suites Hotel planned for development at 132 Main Street West; 14 Mary Street; and, a hotel at 137-143 Main Street West.

The non-residential component of the total construction value in the Downtown accounts for over $16.8 million in 2007.
Non-residential building permits were issued for alterations and renovations in 2007. Significant projects included:

- conversion of an existing building to a new 60 room hotel, 210 Main Street East ($1.75 million) – (Day’s Inn – Former Westgate Ford Site); and
- interior renovations and an addition to an office building, 74 Hughson Street South ($2.1 million) – (James/Hunter/Hughson – Former Public Health Building).

**OTHER DOWNTOWN HAMILTON SUCCESSES IN 2007**

Construction was nearly completed in 2007 on “Trinity Landing” located at 80 King William Street, a new 50 unit condominium building at the south-west corner of King William and Catharine Streets. The progress of the development is pictured below.

![80 King William Street from 2005 - 2007](image)

Construction continues at “The Terraces on King” pictured below located at 260-280 King Street East. This project includes the development of an 11 storey building featuring 123 residential units and ground floor commercial.

![260-280 King Street East](image)

Construction is nearly completed at 87-89 King Street East, a new 5 storey building featuring 16 residential units with ground floor commercial. This site once occupied by
a one-storey abandoned building, will be effectively re-used to create more housing space in the downtown offered at-market rent.

Reconstruction of **66/68 King Street East** pictured to the right, is progressing. Once restored both buildings will house a diverse mix of retail, professional offices and living space.

**New Businesses Locating in the Downtown**

Some of the businesses occupying new locations in Downtown Hamilton in 2007 include:

- Thai Memory, 25 King William Street
- Downtown Yoga, 41 King William Street, suite 205
- Liquidesign, 8 Main Street East, Suite 410
- Upper Management, 8 Main Street East, Suite 408
- Banko Evans Media, 27 John Street North
- J. J. Molnar Realty Advisors, 1 James Street South, 2nd Floor
- Hamilton Bushido Academy, 41 King William, Suite 207
- Historical Perspectives, 91 John Street South
- Affinity Vegetarian Restaurant, 81 John Street South
- European Restaurant & Lounge, 92 Jackson Street East
- Petro Canada, 126 Main Street East
Investment in Existing Businesses

• **24 Hess Street South**
  
  In 2007 planning was underway for a major renovation project for the Gown and Gavel located at 24 Hess Street South. $1.8 million will be injected into the renovation project with the business re-opening for the 2008 summer season.

• **15 Hess Street South**
  
  A new bar/restaurant located at 15 Hess Street will be built at a cost of $1.6 million complementing the already successful entertainment offered within the entertainment district. Planned in 2007, construction will commence in 2008 with the goal to open for business in the 2008 summer season.
• **31-35 John Street South**
$3.5 million is being injected into the renovation of 31-35 John Street North (north-east corner of John and Main Streets) the new “London Tap House” and will witness the first roof-top bar in the City of Hamilton.

• **James Street North**
Significant changes are happening on James Street North with the introduction of artists’ studio, galleries, and retail outlets catering to the arts and creative community. We highlight these changes as a clear indication that Hamilton is a creative place and is becoming a destination for the creative class. This augurs well for the future of the city.

**Downtown Ground Floor Vacancies**

The Downtown and Community Renewal Division has been tracking ground floor vacancies of commercial and mixed-use buildings since 2001. As shown on the following table, the rate increased marginally in 2007 to 11.1%.

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancies</td>
<td>16.4%</td>
<td>16.1%</td>
<td>9.0%</td>
<td>10.4%</td>
<td>12.6%</td>
<td>10.6%</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

The Downtown and Community Renewal Division will increase their efforts and solicit the assistance of the Downtown BIAs in an attempt to lower the Ground Floor Vacancy rate. Staff and the Downtown BIAs will continue to implement the Commercial Market Analyses and Action Plans that were prepared for the BIAs.

**2007 COMMUNITY DOWNTOWN BUILDING ACTIVITY**

Community Downtowns, including Ancaster, Binbrook, Dundas, Stoney Creek and Waterdown, collectively had a total of 51 building permits issued in 2007, representing a construction value of over $3.6 million. This value excludes 22 building permits issued for demolition, signs and events. The majority of the construction value is attributed to Downtown Waterdown, as illustrated below.
A building permit issued for alterations to Sobeys at the shopping plaza located at 255 Dundas Street East, Waterdown, pictured to the right, at a construction cost of $1,500,000.

LOOKING FORWARD IN 2008

In 2008 the Downtown and Community Renewal Division will focus on the continued delivery of programs and enhanced communication and marketing. It is expected that 2008 will also see the financial involvement of the Hamilton Realty Capital Corporation in Downtown Hamilton.

The Division will administer incentive programs including the new Hamilton Downtown Heritage Property Grant Program; the expanded Main Street Housing Loan and Grant Program; and the Art Walk component of the Commercial Property Improvement Grant Program.

- The Downtown and Community Renewal Division will be issuing a Request for Proposals in the second quarter of 2008 for the HDRLP.
The next deadline for applications to the Commercial Property Improvement Grant Program is March 6, 2008. Another round of applications will be received in November, 2008.

Information Sessions will be held in relevant communities for the expanded Main Street Housing Loan and Grant Program.

Over the year we intend to continue to implement the Division’s communications plan designed to “sell” the downtowns and the functions of the Downtown and Community Renewal Division to the private sector and businesses. A Social, Housing and Economic Profile of Downtown Hamilton will be initiated for marketing programs, in addition to ongoing maintenance of downtown building activity statistics.

The Division will oversee the construction of the Downtown Waterdown and Ottawa Street BIA gateways; finalize the design of the Westdale Village and Stoney Creek BIA gateways; design the King Street pedestrian improvements from Centennial Parkway to Battlefield Park Drive; and, project manage implementation of Phase II of the Ancaster Square Master Plan.

The Division will continue to co-ordinate the work of the Downtown West Harbourfront Co-ordinating Committee.

A significant component of the Division’s work is focussed on supporting BIAs and Advisory Committees such as the Ancaster Village Core Advisory Committee and the Hess Village Pedestrian Mall Authority.

The Downtown and Community Renewal Division will continue to work with the Development Planning Division on all Downtown applications.

**ALTERNATIVES FOR CONSIDERATION:**

Not applicable – Report PED08075 is for information purposes.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

There are no direct financial, staffing or legal implications related to Committee and Council receiving the information presented in Report PED08075.

**POLICIES AFFECTING PROPOSAL:**

Programs administered by the Downtown & Community Renewal Division are and must be in conformity with the relevant Official Plan documents, including the Downtown Hamilton Secondary Plan, as well as Provincial policy under the Planning Act and the Municipal Act. Most importantly, incentive programs must be provided for in a Community Improvement Plan enacted under the Planning Act.
In its discussion of the Downtown and Community Renewal Division’s 2007 achievements and 2008 work program, Report PED08075 highlights how the Division actively engages downtown and BIA stakeholders, as well as other City staff (e.g. Public Works, Legal, Finance, Tourism) and Committees (e.g. Hamilton Association of Business Improvement Areas (HABIA), Downtown/West Harbourfront Co-ordinating Committee (DWHCC)).

By evaluating the “Triple Bottom Line”, (community, environment, and 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 Renewal programs discussed in this Annual Report result in mixed-use development and redevelopment projects, providing increased opportunities to live, work and shop within Downtown Hamilton in a more pleasing environment. Community members are recognized for their contribution to their communities through awards events highlighted in this Annual Report.

Community downtowns and historic retail streets can also benefit through relevant incentive programs administered by the division.

Environmental Well-Being is enhanced. ☒ Yes ☐ No

Human health and safety are protected.

The rehabilitation of the buildings and facades, and the development of vacant properties, makes efficient and effective use of existing City infrastructure and services, implementing Provincial policy objectives. Mixed-use development in downtowns and BIAs minimizes land consumption and is a less auto-oriented form of development, protecting human health and safety.

Economic Well-Being is enhanced. ☒ Yes ☐ No

Investment in Hamilton is enhanced and supported.

This report measures the results of Downtown & Community Renewal programs that lead to effective partnerships with community stakeholders and the development community. Developers, property owners and businesses invest in Downtown and BIA properties, leading to increased property values though improved buildings.

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

Life-long learning is supported.
Hamilton continues to lead initiatives related to renewal. Such initiatives are professionally stimulating and result in Hamilton being a choice for employment for those interested in bettering community life.

RMM:HM
Attach. (1)
Hi Gord

Thank you for meeting with me last week on such short notice. It was nice to catch up and review the project with Hazel Milsome and Ron Marini. We are about to deliver the last set of changes to George Wong by this Friday.

We hope to get the building permit in the next couple of weeks. Our plan is to start the demolition sometime this May and to continue with the construction later in the summer.

I just want to take this opportunity and thank the City of Hamilton for the programs that we have been approved for specifically the 'Downtown Residential Loan Program' and the property tax reduction program. It is these two programs that have made the project viable to us and if the programs were not available the project would not even start.

The programs actually help in two ways: first helping the builder/developer by making the financing easier and at a lower cost. This helps us if we are selling the units or renting. The second way is allowing the individual unit owners to have affordable ownership by having the ability to fraction the Loan Program to the individual purchasers.

Please keep up the good work and the programs that make a difference.

Sincerely

Zoran Cocov
Per: Lyric Century Apartments Inc.