SUBJECT: Enterprise Zone Municipal Realty Tax Incentive Grant Program
Application for 66-68 King Street East, Hamilton EZ07/02
(PED07054) (Ward 2)

RECOMMENDATION:

That Application EZ07/02 for the proposed redevelopment of the former MacKay and Victoria Hall buildings located at 66-68 King Street East, be approved as an eligible project under the 10 Year “Enterprise Zone Municipal Realty Tax Incentive Grant Program”, subject to the issuance of a Heritage Permit for the alterations and repairs to the façade at 68 King Street East.

Lee Ann Coveyduck
General Manager
Planning and Economic Development Department

EXECUTIVE SUMMARY:

Report PED007054 summarizes an application under the “Enterprise Zone Municipal Realty Tax Incentive Grant Program” submitted by Trans Dieu and Associates Inc. for the properties located at 66-68 King Street East, Hamilton, existing commercial/residential properties (see Appendix “A” to Report PED07054). The proposed project involves the complete redevelopment of the properties. 66 King Street East is a 6-storey building and the redevelopment will include creating 5 live-work loft-style units on the upper floors with 1 commercial unit at ground level. 68 King Street...
East is a 3-storey building and the redevelopment will include creating 2 live-work loft-style units on the upper floors with 1 commercial unit at the ground level. The properties are presently vacant. The proposed redevelopment meets the criteria and requirements of the EZ Program and is consistent with the designations and policy direction of the Downtown Hamilton Secondary Plan. Trans Dieu and Associates Inc. is presently working with staff of the Planning and Economic Development Department through various permitting processes including a Heritage Permit for 68 King Street East which is a designated property under the Ontario Heritage Act. A Heritage Permit is required for the alterations and repairs to the façade at 68 King Street East, and must be processed and approved prior to construction.

**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 EZ07/02 for the properties located at 66-68 King Street East is for the redevelopment of 7 live-work loft-style units and 2 commercial units. The redevelopment cost is estimated at $1.8 million. 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. The applicable “Prime Retail
Streets” land use designation envisions ground floor, street-oriented commercial uses with mixed uses such as office commercial, residential and live-work arrangements on the upper floors of buildings. The Secondary Plan also promotes the conservation of significant built heritage resources.

A range of commercial uses with multiple dwelling units above are permitted under the Downtown Zoning By-law’s “Downtown Prime Retail Streets (D2)” Zone. The property falls within the Heritage Character Zone which applies regulations relating to the built form of new development or alterations to existing buildings. In the case of the designated property at 68 King Street East, these regulations will be addressed through the Heritage Permit process.

**ALTERNATIVES FOR CONSIDERATION:**

The Enterprise Zone Municipal Realty Tax Incentive Grant Program enhances the financial viability of the proposed redevelopment at 66-68 King Street East. In the event that the project was not to be considered for the program, the redevelopment would be faced with a significant financial difficulty.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financing** - Report PED07054 recommends that 66-68 King Street East 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 PED07054 outlines the issues to be addressed within the Agreement.

**POLICIES AFFECTING PROPOSAL:**

Report PED07054 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 redevelopment is consistent with the designation, intent and policy direction of the Downtown Hamilton Secondary Plan.
RELEVANT CONSULTATION:

Comments from the Taxation and the Legal Services and Corporate Counsel Divisions of the Corporate Services Department as well as the Heritage Planning Section of the Planning and Economic Development Department have been incorporated within Report PED07054. 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.

Downtown Renewal actively engages Downtown and BIA stakeholders in decision making as well as other City Departments.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
Human health and safety are protected.

The rehabilitation of the building stock and the development of properties in the Downtown makes efficient and effective use of City services as well as protecting human health and safety.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Investment in Hamilton is enhanced and supported.

Downtown Renewal programs lead to effective partnerships with community stakeholders and the development community. Developers and property owners invest in Downtown properties leading to property assessment increases through the rehabilitation of buildings and properties.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No
Hamilton continues to lead initiatives related to renewal. Such initiatives are professionally stimulating and result in Hamilton being a choice for employment to those interested in bettering community life.

GM:HM

Attaches. (2)
APPLICATION EZ07/02
Enterprise Zone Municipal Realty Tax Incentive Grant Program
66-68 King Street East, Hamilton

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

- Application is in respect of proposed development at 66-68 King Street East, Hamilton.
- Applicant is Trans Dieu & Associates the owner of the property.
- Eligible improvement work is the redevelopment of 7 live-work loft-style units on the upper floors and 2 commercial units at the ground level of the properties. The estimated construction cost is approximately $1.8 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.