CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Downtown and Community Renewal Division

TO: Chair and Members
Economic Development and Planning Committee
WARD(S) AFFECTED: WARDS 1, 2, 3

COMMITTEE DATE: August 9, 2010

SUBJECT/REPORT NO: Request the Province of Ontario to Contribute to the Hamilton Downtown Property Improvement Grant Program (PED10165)

SUBMITTED BY:
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General Manager
Planning and Economic Development Department

PREPARED BY:
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RECOMMENDATION:
That the Province of Ontario be requested to contribute to the Hamilton Downtown Property Improvement Grant Program by providing grants equivalent to the increase in the educational portion of property taxes that result from property development/redevelopment.

EXECTUTIVE SUMMARY

Report PED10165 recommends that the Province of Ontario be requested to contribute to the Hamilton Downtown Property Improvement Grant Program by providing grants equivalent to the increase in the educational portion of property taxes that result from property development/redevelopment within the Downtown Hamilton Community Improvement Project Area.

The City of Hamilton created the Hamilton Downtown Property Improvement Grant Program (formerly the Enterprise Zone Grant Program) in 2001. The intent of the
program is to provide an economic catalyst for developing or redeveloping residential and commercial land and buildings within the Hamilton Downtown Community Improvement Project Area. The Program offers a five year grant equivalent to the amount of the increase in the municipal portion of the taxes due to the development/redevelopment of the property. The first year grant is in the amount of 100% of the increase in the municipal portion of the taxes and declines by 20% each year for the following four (4) years.

While the City grants the increase in the municipal portion of the taxes, to date the Province has declined to grant back the increase in the education portion. Accordingly, we recommend Council ask the Province to take the necessary steps to allow grants equal to the increased education taxes similar to what the City currently practices under the Hamilton Downtown Property Improvement Grant Program.

Collaborating with the Province on this initiative will assist in generating investment in the rehabilitation of older buildings in the Downtown Core.

This recommendation is a direct outcome from the Hamilton 2010 Economic Summit.

Alternatives for Consideration – See Page 5.

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

Financial: The City is collecting full property taxes on properties and in turn providing a grant for five (5) years declining each year after the first (1st) year by twenty percent (20%) based on the increase in the municipal portion of the taxes post-development completion. Following year one (1) of the grant payment, the City will start to realize the positive results of the Program from a financial perspective.

Should the Province contribute to the Program through a grant equivalent to the increase in the educational portion of the taxes on the same terms as the municipal portion, the Province would also start to realize the positive results of the Program from a financial perspective after the first year.

Currently the Province does not contribute to the Program and therefore receives 100% of the increase in the educational portion of the taxes on the current projects. If this initiative spurs further development, the Province would then recognize extra revenue on those developments that otherwise may never happen.

If the Province were to contribute there is a potential the developer could recover their investment before the five (5) year period and the City would benefit by realizing the positive results of the Program sooner.
**Staffing:** Applicants and subsequent grant payments under the Hamilton Downtown Property Improvement Grant Program are processed by the Downtown and Community Renewal and Taxation Divisions. There would be no additional staffing requirements needed to facilitate this Provincial contribution.

**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.

There are no legal implications to the City in this recommendation.

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**HISTORICAL BACKGROUND** (Chronology of events)

In 2004, the City of Hamilton requested the Province to consider contributing to the revitalization of the Downtown Core through granting the increased education taxes as part of the Hamilton Downtown Property Improvement Grant Program. At that time the Province declined.

At the end of 2009, thirteen properties have been redeveloped/developed resulting in a total of $2,562,000 in grants being advanced to the applicants or their assignees. It is estimated that the total grant amount for the thirteen properties will be approximately $5,094,000. The total construction value of the thirteen projects is $66,139,927 and, the ratio of total grants to the construction value is 1:13.

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**POLICY IMPLICATIONS**

Report PED10165 relates to participation under the Hamilton Downtown Property Improvement Grant Program which is contained within the Downtown and Community Renewal Community Improvement Plan. The Downtown Hamilton Secondary Plan and Zoning By-law 05-200 affect developments/redevelopments that are approved under the Program.

The Province’s Places to Grow Plan encourages the development of vacant and/or underutilized lots within previously developed areas; infill development; expansion or conversion of existing buildings; and, the reuse of greyfields. Projects funded under the Hamilton Downtown Property Improvement Grant Program are consistent with those...
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Values: Honest, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork

objectives and help in achieving the City of Hamilton’s goal of 250 residents and jobs per hectare in Downtown Hamilton.

### RELEVANT CONSULTATION

Staff from the Corporate Services Department and Legal Services, City Manager’s Office were consulted and concur with the recommendation of Report PED10165.

### ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The Hamilton Downtown Property Improvement Grant Program supports City Council’s performance measurements as follows:

- **Increase the number of residential units Downtown by 150 per year starting in 2009.**
  This measure relates specifically to a primary goal of the Division’s financial incentive programs. 482 residential units have been developed/redeveloped in the Downtown Core utilizing the Hamilton Downtown Property Improvement Grant Program.

- **Increase Downtown property taxes (municipal portion) by $1.45M on an average per year.**
  Another performance measure is the tracking of property assessments and taxes within the Downtown Hamilton Community Improvement Project Area. The Tax Division, Corporate Services Department, has confirmed that annual taxes have increased from $25,086,600 in 2008 to $25,730,600 in 2009. The net levy increase is $644,000 with $242,000 being attributable to assessment increase.

Projects developed/redeveloped under the Hamilton Downtown Property Improvement Grant Program and the Hamilton Downtown Multi-Residential Property Investment Program contribute to increasing taxes in the Downtown Core. More specifically, at the end of 2009, the sixteen (16) projects that have been completed under these two (2) Programs collectively contributed $308,000 prior to their development/redevelopment and, in 2009, collectively contribute $1,596,000, representing an increase of $1,288,000.
Non-acceptance of the recommendation contained in Report PED10165 would result in the Province not being invited to collaborate with the City of Hamilton in strengthening investment in the Downtown Core. 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

• This program supports the preservation/conservation of heritage properties. In addition, it makes more effective use of urban lands.

Healthy Community

• Partnerships are promoted.

APPENDICES / SCHEDULES

N/A.

HM:vk