SUBJECT: Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (ERG-07-01) – 1014567 Ontario Inc. (Mike Mihajlovic), 179-185, 189 and 195 Parkdale Avenue North, Hamilton (PED08231) (Ward 4)

RECOMMENDATION:

a) That ERASE Redevelopment Grant Application ERG-07-01, submitted by 1014567 Ontario Inc. (Mike Mihajlovic), owner of the property at 179-185, 189 and 195 Parkdale Avenue North, Hamilton, for an ERASE Redevelopment Grant not to exceed $152,175 payable to 1014567 Ontario Inc. (Mike Mihajlovic), over a maximum of ten (10) years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Agreement.

b) That the City enter into an ERASE Redevelopment Agreement with 1014567 Ontario Inc. (Mike Mihajlovic) regarding the terms and conditions governing the payment of an ERASE Redevelopment Grant for, and redevelopment of, 179-185, 189 and 195 Parkdale Avenue North, Hamilton, with such agreement to be satisfactory to the City Solicitor.
EXECUTIVE SUMMARY:

Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted by 1014567 Ontario Inc. (Mike Mihajlovic) for redevelopment of the property at 179-185, 189 and 195 Parkdale Avenue North, Hamilton (Appendix A). The application qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation, in order to permit construction of a one (1) storey 4,900 sq. ft. retail strip unit building. The Grant application is for $152,175 in eligible costs.

Under the ERASE Redevelopment Grant Program, there is no actual loss of tax revenues to the City. The annual grant paid by the City to the owner is actually paid out of increased taxes generated by the development taking advantage of the ERASE Program. Refer to Appendix B for a summary of the estimated/actual financial impact of this program to date (inclusive ERASE applications contained in this report).

This application meets the grant criteria specified in the 2005 ERASE Community Improvement Plan (CIP). This redevelopment will result in the physical enhancement of this industrial site via environmental site remediation leading to the development of the proposed facilities and will result in a significant long-term increase in assessment and property tax revenues to the City. The City, under the terms of the ERASE program will need to enter into a Redevelopment Agreement with the owner, as specified in the ERASE CIP.

BACKGROUND:

Site History

The following site history was identified in the Phase II ESA Report as prepared by AMEC Earth and Environmental for 1014567 Ontario Inc. (Mike Mihajlovic). The site to be developed occupies the lands at 185 Parkdale Avenue North, Hamilton, Ontario. The site (179-185,189 and 195 Parkdale Ave North) is currently occupied by Sunshine Variety and a paved parking lot. Based on the Phase I findings, underground storage tanks (USTs) associated with a former retail fuel outlet have been removed from the site. Yet, as a result of the USTs, there are petroleum impacts exceeding MOE standards which were confirmed in the Phase II soil and groundwater testing.

ERASE Applications

The application for an ERASE Redevelopment Grant submitted by the agent of the property at 1014567 Ontario Inc. (Mike Mihajlovic), qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation. Once existing structures are demolished and property is remediated, construction will begin to develop a one (1) storey 4,900 sq. ft. retail strip, three (3) unit block and stucco building. Estimated project construction costs are $580,000. The costs eligible for an ERASE Redevelopment Grant are estimated as follows:
Eligible Works | Cost
--- | ---
Total Disposal/Soil Treatment Cost | $148,425
Environmental Consulting Fees | $3,750 *
Building Demolition | N/A
On-Site Infrastructure Upgrading | N/A
TOTAL | $152,175

* GST is not included in the above.

*It is noted that the applicant has an approved ERASE Study Grant Application ESG-06-12 where the Phase II was completed and 50% of the cost ($3,750) excluding G.S.T. was granted back to the applicant with the balance carrying over to this ERASE Redevelopment Grant Application.

Staff review of the proposed works against the eligibility criteria contained in the ERASE CIP demonstrates that all costs that have been applied for under the grant are eligible. Therefore, staff recommends approval of this ERASE Redevelopment Grant Application.

Planning Status

Site Plan Control Application DA-07-200
A proposal to redevelop the properties at 179, 189 and 195 Parkdale Avenue North, was conditionally approved on January 9, 2008. Conditional approval was based on a proposed 541m$^2$ northerly addition to the existing commercial building on the southerly parcel known municipally as 179 Parkdale Avenue. The proposed addition was to also occupy the lands known municipally as 189 and 195 Parkdale Avenue North. The three (3) properties were to merge in the same name and title and were to have retained 179 Parkdale Avenue North as the municipal address. However, this application was formally withdrawn. As a result, associated variances granted under Minor Variance Application HM/A-08-066 are no longer applicable. A new Site Plan Control Application (DA-08-068) was submitted to redevelop the properties at 189 and 195 Parkdale Avenue North for a speculative commercial strip. The property at 179 Parkdale Avenue North will remain separate and does not form part of the new site plan.

Site Plan Control Application DA-08-068
A proposal to redevelop the properties known municipally as 189 and 195 Parkdale Avenue North was conditionally approved on June 18, 2008. Conditional approval was based on a new 364.5m$^2$ commercial building to replace an existing two (2) storey brick building currently situated at 189 Parkdale Avenue North and a used car sales trailer located at the rear of 195 Parkdale Avenue North. The two (2) properties must be merged in the same name and title in order to accommodate the proposed redevelopment of the site. Revised plans to address minor changes associated with site landscaping were received on August 20, 2008, and are currently in circulation.
ANALYSIS/RATIONALE:

The ERASE Redevelopment Grant is a component of the Council approved ERASE CIP. These applications meet the criteria for approval.

Current (2008) MVA on the property is $605,000, classed as Commercial (CX/CT), and Residential (RT) on the properties known as 179-185, 189 and 195 Parkdale Avenue North respectively. Current 2008 property taxes ($9,775.37 still outstanding) are approximately $24,572.64 broken down as follows:

Municipal Levy = $15,525.59
Education Levy = $9,321.46
Tax Cap Adjustment = $0

$24,867.05

Based on site plan drawings and information submitted in support of the ERASE application, staff has estimated that once the project is complete, the property, including all buildings, will have an estimated MVA of approximately $651,700 classed as ST. This new MVA is estimated to increase total annual property taxes over the current $24,867.05. The City’s share of this increase is estimated to be approximately $18,186 in municipal taxes over the current $15,525.59, with the remaining dollars going to the Province for education taxes.

ALTERNATIVES FOR CONSIDERATION:

The grant application meets the eligibility criteria and requirements of the program. In the event the project is not considered for the program, the application should be referred back to staff for further information on any possible financial or legal implications.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial Implications:

As per the ERASE Redevelopment Grant Program, the City will provide the applicant with a grant equivalent to 80% of the increase in municipal taxes up to the total eligible cost figure of $152,175. The municipal share of this property tax increase (municipal tax increment) will be approximately $2,954 of which 80%, or approximately $2,363 would be granted back on an annual basis. At that time when the total grants equal $152,175, or ten (10) years, the City will begin to collect and retain the full municipal portion of the tax increment.

The City will retain 20% of the municipal tax increment, approximately $591 a year for ten (10) years (total $5,910). These monies will be deposited into the Brownfields Pilot Project Account to be used by the City for its Municipal Property Acquisition, Investment
and Partnership (MPAIP) Program. This program, as approved in the ERASE 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.

**Staffing Implications:**

Administration of this application under the terms of the program can be accommodated by staff of the Economic Development and Real Estate Division and the Corporate Services Department.

**Legal Implications:**

Upon Council approval of the staff recommendations a Redevelopment Agreement between the City and the applicant will be negotiated and executed in a form satisfactory to the General Manager of the Planning and Economic Development Department and the City Solicitor.

**POLICIES AFFECTING PROPOSAL:**

Report PED08231 relates to the processing of an application under the ERASE Redevelopment Grant Program (ERG) which is contained within the City’s Provincially-approved ERASE Community Improvement Plan.

**RELEVANT CONSULTATION:**

Comments from the Corporate Services Department (Taxation Division and Legal Services Division) and the Planning and Economic Development Department (Economic Development and Real Estate Division) have been incorporated within Report PED08231.

**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.

An underutilized and dilapidated site is now being converted into a commercial use.

**Environmental Well-Being is enhanced.** ☑️ Yes ☐ No

Human health and safety are protected.

The rehabilitation of this site and it’s development into a productive use 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.

The ERASE programs lead to effective partnerships with community stakeholders and encourage redevelopment of contaminated and/or underutilized properties. Developers and property owners invest in Hamilton properties leading to property assessment increases.

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 brownfield redevelopment. Such initiatives are professionally stimulating and result in Hamilton being a choice for employment to those interested in bettering community life.

:NE

Attachs. (2)
Site of the Application

Location Map

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number: ERASE Grant Maps
Date: September 4, 2008

Appendix "A"
Scale: N.T.S.
Planner/Technician: BM/NH

Subject Property

179, 189, 195 Parkdale Avenue North

Ward 4 Key Map N.T.S.
## TABLE 1 - ERASE ACTIVITY TO DATE

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Approval Date</th>
<th>Estimated / Actual Clean up costs</th>
<th>Current Municipal Levy</th>
<th>Estimated * / Actual Future Municipal Levy</th>
<th>Municipal Levy Increment</th>
<th>Grant Payment (80%)</th>
<th>Grant Payment to date (80%)</th>
<th>Brownfield Redevelopment (20% max $5m) MPAIP Reserve</th>
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*Estimated Calculations see Table 2*
## Table 2 Estimated Municipal Levy & Education Levy

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<th>Address</th>
<th>Property Class</th>
<th>Estimated MVA Square Footage</th>
<th>Municipal Tax Rate</th>
<th>Est Municipal Levy</th>
<th>Education Tax Rate</th>
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