SUBJECT: Hamilton Downtown Residential Loan Program - Cancellation of Loan Commitments for 284 King Street East; 150 Main Street West; 62 King Street East; 212 King William Street; and, 221 York Boulevard (PED08094) (Ward 2)

RECOMMENDATION:

a) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 284 King Street East, previously approved in the amount of $150,000.00 be cancelled due to the owner not moving forward with the residential development project at this time;

b) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 150 Main Street West, previously approved in the amount of $4,000,000.00 be cancelled due to the owner not proceeding with the residential development project at this time;

c) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 62 King Street East, previously approved in the amount of $156,000.00 be cancelled due to the owner not proceeding with the residential development project at this time;

d) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 212 King William Street, previously approved in the amount of $3,600,000.00 be cancelled due to the sale of the property; and,
e) That the conditional loan commitment under the Hamilton Downtown Residential Loan Program for 221 York Boulevard, previously approved in the amount of $2,760,000.00 be cancelled due to the owner not proceeding with the residential development project at this time.

EXECUTIVE SUMMARY:

Report PED08094 recommends the cancellation of conditional loan commitments for five (5) properties under the Hamilton Downtown Residential Loan Program thereby making the funds available for other residential projects through a Request for Applications that is planned for the second quarter of 2008.

BACKGROUND:

On September 15, 2004, City Council approved Report PED04218 recommending approval of conditional loan commitments for 284 King Street East in the amount of $150,000.00 (11 units); and 150 Main Street West in the amount of $4,000,000.00 (180 units). On March 1, 2006 City Council approved Report PED06056 recommending approval of conditional loan commitments for 62 King Street East in the amount of $156,000.00 (6 units); 212 King William Street in the amount of $3,600,000.00 (198 units); and, 221 York Boulevard in the amount of $2,760,000.00 (130 units). The total amount of the aforementioned loan commitments is $10,666,000.00 representing a total of 525 units. Appendix ‘A’ attached to Report PED08094 identifies the locations of the properties.

In May of 2007, staff of the Downtown and Community Renewal Division sent letters to the above applicants inquiring of their intention to move forward with their residential projects. The letter identified a deadline of December 31, 2007 for the applicants to have obtained a Building Permit for their projects otherwise they were informed that their loan commitment would be cancelled and the monies utilized to fund future projects under the Program. The owners of 284 King Street East, 62 King Street East and 150 Main Street West responded to the letter informing staff that at this time they were not proceeding with their projects however, agreed that they will re-apply for funding under the Program if and when their projects progress. The owners of 221 York Boulevard have not responded to the letter; however staff is aware that the property has been listed for sale.
and no progress has occurred on moving the proposed development forward since the loan commitment was approved. It is important to note that loans are not assumable when a property is sold as it artificially inflates the market value. The owner of 212 King William Street did not respond to the letter either; however staff has been able to confirm that the property was severed with one portion of the property being sold in 2007, the other portion of property being sold in 2008.

Staff of the Downtown and Community Renewal Division constantly reviews the various financial incentive programs administered through its offices for the purpose of identifying how to improve the management of the programs. One improvement to the Downtown Hamilton Residential Loan Program that was implemented in 2007 was a condition of all loan commitments requiring a Building Permit to be issued by a specific date or the loan is cancelled. The implementation of this improvement will free-up monies to fund other projects through a new call for applications.

ANALYSIS/RATIONALE:

City Council has approved in excess of $37 million of loan commitments under the Hamilton Downtown Residential Loan Program with the understanding that based upon the various stages of moving development projects forward, no more than $20 million will be loaned at one time. As of December 31, 2007 the City loaned a total of $10,003,321.00 under the Program and has been paid back $5,635,360.00. Therefore the outstanding balance is $4,367,961.00. The cancellation of the aforementioned loans will bring the outstanding loan commitments to $26,504,320.00. The Downtown and Community Renewal Division intends to go out with a Request for Applications under the Program in the second quarter of 2008 and are aware of a number of significant residential development proposals where proponents have voiced their interest in applying for funding.

ALTERNATIVES FOR CONSIDERATION:

Non-acceptance of the recommendations contained within Report PD08094 will tie-up monies under the loan program unnecessarily and prevents a call for new applications to be issued later this year.

There are no alternative options for consideration at this time.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financing – Funding is available under the terms of the Hamilton Downtown Residential Loan Program.

Staffing - Administration of the Hamilton Downtown Residential Loan Program can be accommodated within the Downtown and Community Renewal Division of the Planning and Economic Development Department and the Corporate Services Department.
Legal – The loan commitments being considered in this report have not progressed to a loan agreement being entered into between the applicant and the City of Hamilton.

POLICIES AFFECTING PROPOSAL:

The Downtown Hamilton Secondary Plan, the Hamilton Downtown Residential Loan Program, the Downtown and Community Renewal Community Improvement Plan and Zoning By-law 05-200 affect developments that are approved under the Program. Staff works with the applicants through the Planning and Building approval process.

RELEVANT CONSULTATION:

The Corporate Services Department and Legal Services have been consulted on Report PED08094.

CITY STRATEGIC COMMITMENT:

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
Partnerships are promoted. Funding assists in Downtown revitalization efforts.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
The rehabilitation of the building stock and the development of properties in the Downtown make efficient and effective use of City services as well as protecting human health and safety.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Downtown and Community 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.

HM:vk
Attach. (1)