TO: Chair and Members
Economic Development and Planning Committee

WARD(S) AFFECTED: WARD 2

COMMITTEE DATE: March 2, 2010

SUBJECT/REPORT NO: Hamilton Downtown Residential Loan Program – Cancellation of Loan Commitments (PED10047)

SUBMITTED BY: Tim McCabe
General Manager
Planning and Economic Development Department

PREPARED BY: Hazel Milsome 905-546-2424 ext 2755

RECOMMENDATION:

That the conditional loan commitments under the Hamilton Downtown Residential Loan Program in the total amount of $4,112,600 for six (6) properties as listed in Appendix ‘A’ to Report PED10047 be cancelled.

EXECUTIVE SUMMARY

Report PED10047 recommends the cancellation of conditional loan commitments representing $4,112,600 for six (6) properties under the Hamilton Downtown Residential Loan Program thereby making the funds available for future residential projects in Downtown Hamilton under the Hamilton Downtown Property Investment Program.

Applicants were sent letters by registered mail in late October, early November 2009 advising that, if either building permits or construction had not commenced on their projects by December 31, 2009 their loan commitment would be cancelled.
One (1) of the loan commitments had been approved by City Council in 2003 and the remaining five (5) were approved by City Council in 2006.

Alternatives for Consideration – See Page 6.

Appendix ‘B’ to Report PED10047 identifies the locations of each of the properties.

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

**Financial:** Funding for the approved grants under the Hamilton Downtown Property Investment Program (formerly the Hamilton Downtown Residential Loan Program) is derived from the City’s investment funds. The cost of the City’s foregone interest income on those funds is funded through the Downtown and Community Renewal Division’s Operating Account Number 52901-815010. As of December 31, 2009, $13,547,943 has been advanced in loan commitments; $7,069,242 has been repaid; $6,478,701 is to be repaid; and, interest has been paid through the Division’s Operating Budget in the total amount of $1,479,885.

**Staffing:** Administration of the Hamilton Downtown Property Investment Program can be accommodated within the Downtown and Community Renewal Division of the Planning and Economic Development Department and the Corporate Services Department.

**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*.

**HISTORICAL BACKGROUND** (Chronology of events)

**14 Mary Street**

City Council at its meeting held April 23, 2003 approved a loan commitment in the amount of $1,000,000 and subsequently at its meeting held June 25, 2003 approved an additional $746,000 for the redevelopment of 14 Mary Street for a total $1,746,000 under the Hamilton Downtown Residential Loan Program (HDRLP). The development at that time proposed the conversion of the historic Century Theatre to 97 residential units.
Staff sent a letter on May 22, 2007 by courier to the applicant providing a deadline of November 1, 2007 to meet the City of Hamilton’s Building and Heritage Permit conditions. The deadline was extended after the applicant satisfied staff that he was working with Development Planning staff towards final approval. Subsequently in November 2008 the applicant received Site Plan approval; and, in March 2009 a Building Permit and Demolition Permit for demolition of the rear of the building were issued.

A registered letter was sent to the owner on October 29, 2009 advising that, if construction had not started on the property by December 31, 2009 the loan commitment would be cancelled. The building has since been demolished.

**119 King Street East**

City Council at its meeting held March 1, 2006 approved a loan commitment in the amount of $120,000 for the redevelopment of 119 King Street East under the Hamilton Downtown Residential Loan Program (HDRLP). The development at that time proposed the conversion of the upper 3 floors of the building to create 4 residential units.

A registered letter was sent to the owner on October 29, 2009 advising that, if a Building Permit had not been issued for the development by December 31, 2009 the loan commitment would be cancelled. The owner subsequently contacted staff confirming that the property had been sold. A Building Permit has not been issued.

**132 Main Street West**

City Council at its meeting held March 1, 2006 approved a loan commitment in the amount of $1,800,000 for the redevelopment of 132 Main Street West under the Hamilton Downtown Residential Loan Program (HDRLP). The development at that time proposed the development of a 10 storey long-term stay Hilton Homewood Suites.

A registered letter was sent to the owner on November 2, 2009 advising that, if a Building Permit had not been issued for the development by December 31, 2009 the loan commitment would be cancelled. A Building Permit has not been issued.

**245 King Street East**

City Council at its meeting held March 1, 2006 approved a loan commitment in the amount of $60,000 for the redevelopment of 245 King Street East under the Hamilton Downtown Residential Loan Program (HDRLP). The development at that time proposed the renovation of the upper floors to create 2 residential units.
A registered letter was sent to the owner on October 29, 2009 advising that, if a Building Permit had not been issued for the redevelopment by December 31, 2009 the loan commitment would be cancelled. A Building Permit has not been issued.

53 King Street East

City Council at its meeting held March 1, 2006 approved a loan commitment in the amount of $360,000 for the redevelopment of 53 King Street East under the Hamilton Downtown Residential Loan Program (HDRLP). The development at that time proposed the conversion of the upper floors of the building to create residential units.

A registered letter was sent to the owner on October 29, 2009 advising that, if a Building Permit had not been issued for the redevelopment by December 31, 2009 the loan commitment would be cancelled. A Building Permit has not been issued.

275 King Street East

City Council at its meeting held March 1, 2006 approved a loan commitment in the amount of $26,600 for the redevelopment of 275 King Street East under the Hamilton Downtown Residential Loan Program (HDRLP). The development at that time proposed the renovation of the upper floors to create residential units.

A registered letter was sent to the owner on October 29, 2009 advising that, if a Building Permit had not been issued for the redevelopment by December 31, 2009 the loan commitment would be cancelled. A Building Permit has not been issued.

Going Forward

All applicants were encouraged to apply for funding under the Hamilton Downtown Property Investment Program or, for smaller projects, the Main Street Housing Loan and Grant Program if their intention was to move forward with their development in the future. Information on those programs was attached to their registered letters.

Recently Cancelled Loan Commitments

In 2007 staff recommended that a sunset clause be incorporated into City Council’s approval of loan commitments under the Program as it was evident that some of the previous loan commitments were not moving forward in a timely manner. Subsequently on August 8, 2007 City Council approved ten (10) loan commitments under the Hamilton Downtown Residential Loan Program and, a condition of the approval was that building permits had to be issued by December 31, 2009 or the loan commitment would be cancelled. Two (2) of the projects have been completed. The remaining eight (8) applicants whose projects had not progressed were sent registered letters in October/November of 2009 confirming the deadline for issuance of a building permit.
Building Permits for those projects were not issued therefore the loans have been cancelled.

The following list identifies the loans that were cancelled on January 01, 2010:

<table>
<thead>
<tr>
<th>Address</th>
<th>Amount of Loan Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>117 King Street East</td>
<td>$78,940</td>
</tr>
<tr>
<td>163 Main Street West</td>
<td>$110,000</td>
</tr>
<tr>
<td>137-143 Main Street West</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>112 King Street East</td>
<td>$3,394,000</td>
</tr>
<tr>
<td>54 Hess Street South</td>
<td>$110,360</td>
</tr>
<tr>
<td>179-187 James Street North</td>
<td>$546,920</td>
</tr>
<tr>
<td>120-130 Hunter Street West</td>
<td>$1,309,000</td>
</tr>
<tr>
<td>29 Rebecca Street</td>
<td>$506,180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,255,400</strong></td>
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</table>

**POLICY IMPLICATIONS**

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.

**RELEVANT CONSULTATION**

Staff from the Corporate Services Department was consulted and concur with the recommendations included in Report PED10047.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

Loan commitments under the Hamilton Downtown Residential Loan Program were approved with the understanding that the projects would move forward in a timely manner keeping in mind the time required to obtain planning and building approval. However, one (1) of the loan commitments was approved as far back as 2003 with the remaining five (5) approved in 2006 and, construction has not started or, in the majority of cases, a building permit has not been issued. Therefore it is prudent to cancel the loans and utilize the funding for future projects under the Hamilton Downtown Property Investment Program (formerly the Hamilton Downtown Residential Loan Program).
Non-acceptance of the recommendation contained in Report PED10047 would tie-up monies under the loan program unnecessarily. This alternative is not recommended.

**Financial:** There would be $4,112,600 in loan commitments tied-up on projects that were planned in 2003-2006 that have not moved forward to the construction or building permit stage.

**Staffing:** Not applicable

**Legal:** Not applicable

**CORPORATE STRATEGIC PLAN** (Linkage to Desired End Results)


**Growing Our Economy**

- Investment will be available for future projects leading to property assessment increases.

**Environmental Stewardship**

- Funding will be available to supports residential intensification projects that use existing available infrastructure.

**Healthy Community**

- Partnerships will be promoted with future applicants.

**APPENDICES / SCHEDULES**

Appendix ‘A’ to Report PED10047 – list of properties.
Appendix ‘B’ to Report PED10047 – locations maps.

HM:vk
## HAMILTON DOWNTOWN RESIDENTIAL LOAN PROGRAM
### LOAN COMMITMENTS

<table>
<thead>
<tr>
<th>ADDRESS</th>
<th>LOAN COMMITMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 Mary Street</td>
<td>$1,746,000</td>
</tr>
<tr>
<td>119 King Street East</td>
<td>$120,000</td>
</tr>
<tr>
<td>132 Main Street East</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>245 King Street East</td>
<td>$60,000</td>
</tr>
<tr>
<td>53 King Street East</td>
<td>$360,000</td>
</tr>
<tr>
<td>275 King Street East</td>
<td>$26,600</td>
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<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$4,112,600</strong></td>
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