

ADDRESSING LANDLORD ABSENTEEISM ALONG HAMILTON'S  
BARTON STREET COMMERCIAL CORRIDOR

by

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## **ABSTRACT**

Vacant and derelict commercial properties negatively impact surrounding businesses and the local community by detracting from streetscapes and discouraging investment. Therefore, local landlords are important stakeholders in encouraging revitalization. The reasons for commercial vacancies and dereliction are influenced by a set of complex factors, which must be better understood to create proactive landlord engagement strategies. This research explores the causes of landlord absenteeism along the Ward 3 section of Hamilton's Barton Street, quantifies the extent of the issue, and analyses the strategies currently in place to address vacancies. Best practise examples from outside Hamilton are used to evaluate possible additional strategies to engage landowners in property maintenance.

Key words: vacant storefronts; commercial corridors; landlord absenteeism; Hamilton

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## 1.0 INTRODUCTION

The identity of Barton Street in Hamilton has been in flux for decades. The Second World War had an immense impact on the corridor and its adjacent neighbourhoods, as the demand for steel, metal, chemical and textile manufacturing sectors brought well-paying jobs to the area (Robinson and Breen, 1950). As the historic commercial backbone of Hamilton's east end, Barton Street served Hamilton's prosperous 'blue-collar' neighbourhoods. However, with the decline in steel manufacturing, exacerbated by the recession of the 1980s, a significant toll has been taken on the corridor (Webber and Fincher, 1987). In addition to the impacts of out-migration of well-paying jobs, the growing changes in shopping preferences have had a crippling effect on Barton's neighbourhood-level retail stores. With the advent of auto-centric 'big-box' power centre plazas, Barton's small footprint stores have been growing increasingly deserted. Though the area is home to a number of long-standing commercial and residential inhabitants, visitors to the area observe underutilized and neglected properties, vacant buildings, and a prominent number of former storefronts that are now used as illegal residences. In relation to the former prosperity of the area, these components together leave the stark impression of decline.

Local landowners are often blamed for contributing the derelict appearance of the corridor by not maintaining their properties, allowing illegal activity to take place in and around their rental units, not addressing blight, and being otherwise disengaged from the needs and conditions of their neighbourhoods. Because of the area's high proportion of low-income residents, landowners are also blamed for exploiting their vulnerable tenants by charging rent for deplorable living conditions. Regardless of the reason for neglecting one's property, the outcome is the same; vacant, neglected, and otherwise unmaintained properties have severe negative impacts on their surrounding neighbourhoods. Impacts to the community include lowered property values, a decrease in neighbourhood pride, the encouragement of undesirable and illegal activities, and decreased willingness to invest in improvements. In some cases, unmaintained and/or

vacant buildings present health hazards to the community when they go uninspected for a prolonged period of time and their structural integrity deteriorates.

Recent provincial and municipal directives have called for the efficient use of land and intensification of areas within urban boundaries. According to the Growth Plan for the Greater Golden Horseshoe, Hamilton is expected to gain 150,000 new citizens and 90,000 new jobs by 2031 (Ministry of Infrastructure, 2006). By its proximity to downtown and its good access to transit, municipal infrastructure and services, Barton Street has great potential to capitalize on this influx of new residents and employment opportunities. Further, in recent years, the Ward 3 section of Barton Street has garnered attention from local journalists and city staff due to the disproportionate prevalence of vacant and neglected commercial properties. This attention, along with the advent of the 2015 Pan Am/Parapan Am games, resulted in the City commissioning a study of corridors near a gaming event in the lower city, including the study area, to explore options for long-term revitalization. This shift in momentum is a good first step in attracting new residents, businesses, and overall outside investments. However, the street's stigma of undesirability and dereliction must be first alleviated. Therefore, in order for Hamilton to meet its intensification directives and to fulfill its objective of becoming the 'best place in Canada to raise a child' (City of Hamilton, 2013a), the issues of vacant and blighted buildings will need to be addressed proactively by engaging landlords in property maintenance.



## **1.1 STUDY OBJECTIVES**

This paper will focus on the Ward 3 section of the Barton Street commercial corridor, from Wentworth Avenue to Ottawa Street. In order to revitalize Barton Street, commercial vacancies, urban blight, and illegal uses of former storefronts will need to be addressed. The strategies currently in place to help address the issue will be investigated, and examples from outside Hamilton will be explored to evaluate possible strategies that could be implemented locally. Using these examples, recommendations will be made regarding engagement strategies for encouraging landowners to maintain their properties, among other strategies that could be employed. Ultimately, this project aims to answer the following questions:

- What is the extent of the issue in the area?
- What are the common and unique factors along the Barton Street corridor that have resulted in landlord absenteeism?
- What are the challenges in encouraging property maintenance and eliminating blight?
- What strategies are currently in place to help address the issue?
- What strategies are available in other jurisdictions that are implementable in Hamilton?
- What are some best practices in non-punitive landlord engagement strategies?

## 2.0 METHODS

In order to develop set of sound recommendations addressing the issue of landlord absenteeism in Barton Street, a multi-phase research approach was undertaken, with each phase informing and guiding the following one. To understand how the issues at hand came to be, an initial literature review isolated the common drivers of landlord absenteeism, commercial vacancies, and urban blight in a North American context. During this phase, research into the implications on surrounding communities identified the risks of not mitigating these issues. Next, academic literature and other studies were reviewed to characterize the study area. Recent local newspaper stories were also considered in assessing the perception of the issue, and to understand the implications of the problem on adjacent neighbourhoods.

To further assess the stability of the corridor with respect to the change in economic activity and the general length of tenancies, numerous sources were consulted. Hamilton's Vacant Building Registry was used to quantify the number of registered commercial vacancies along the study area at the time of the research period. A more thorough analysis of the area's fluctuating commercial and residential tenancies was conducted using data from the annually issued Hamilton City Directory. Entries of inhabitants and businesses was transcribed and analyzed for three timeframes; 2000-2001, 2007-2008, and 2013. Because the directory outlines the length of occupation of an inhabitant or business within a certain address, this information was useful in assessing the stability of the area, the rate of resident and business turnover, and the fluctuations in vacancies over time. Once all information was compiled, themes were isolated to determine what was driving and contributing to the issue of landlord absenteeism.

Next, provincial and municipal policies, plans, programs and bylaws were examined to assess the directives and tools in place regarding neglected and vacant properties, as well as the local strategies to mitigate these issues. Finally, policy papers, case studies, and other publicly available sources addressing landlord absenteeism and urban blight were reviewed to compile local and international examples of best practices

in positively encouraging landlords in the maintenance of their properties. The accumulation of research findings guided the formulation of recommendations for future courses of action along Barton Street.

In the context of this research paper, an 'absentee landlord' will be defined as a person who owns and rents property for profit, while either failing or neglecting to ensure its upkeep and maintenance. Further, the definition will extend to those landlords whose property may or may not be vacant.

### 3.0 LITERATURE REVIEW

Before making recommendations to address the issues of landlord absenteeism, vacancies and urban blight, a well-rounded understanding must be gained of how and why the issue becomes pervasive. Research shows a complex, varied set of factors that influence landowners' decisions to leave their properties vacant and/or unmaintained. Birchall and Listokin indicate that the problem of property abandonment results from poverty, the loss of the local tax base due to outmigration and the loss of employment. They also indicate that the issue is cyclical; acting as both a symptom and a cause of blight, feeding on itself and accelerating urban decline (Burchell and Listokin, 1981, p. 15).

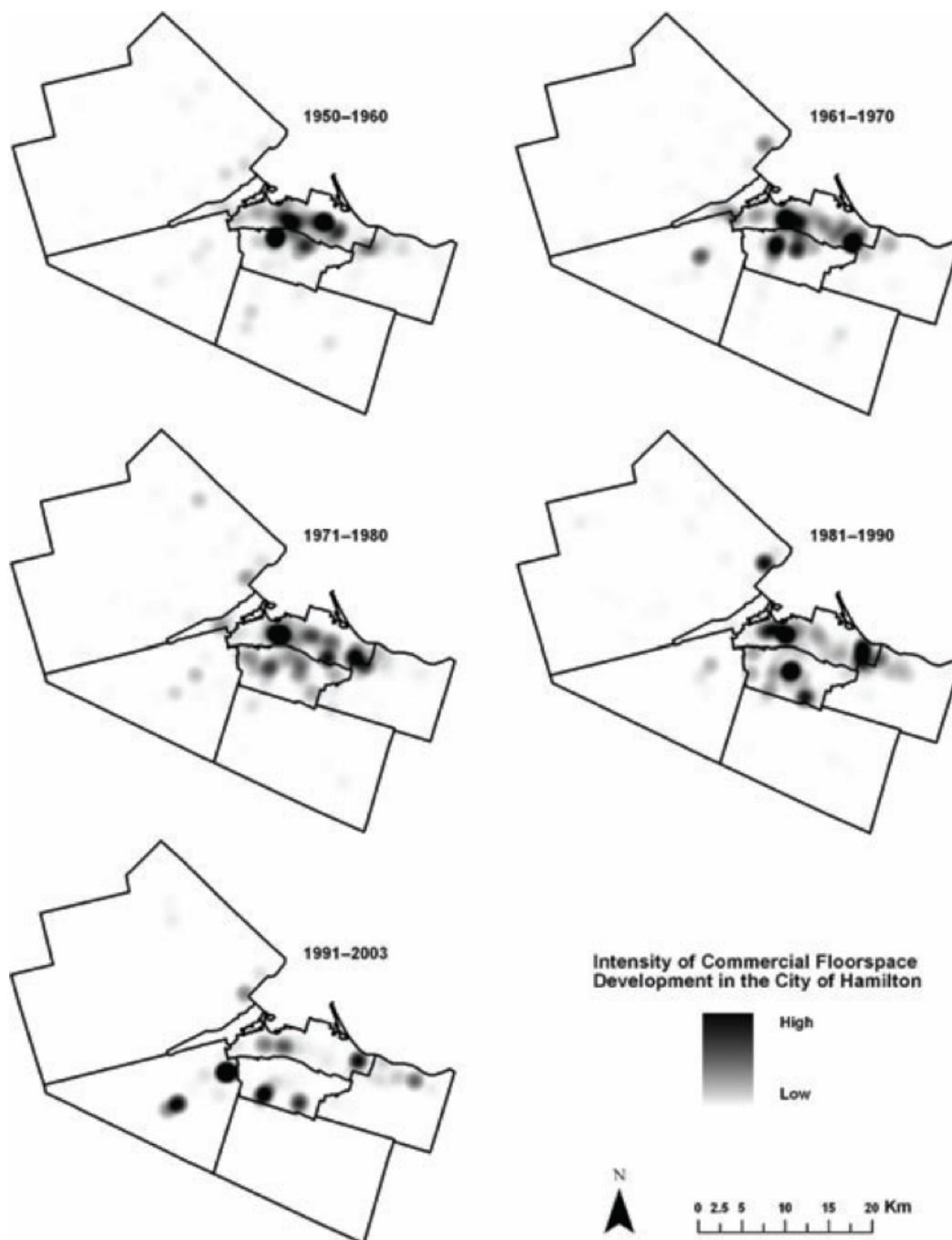
#### 3.1 THE DRIVERS OF LANDLORD ABSENTEEISM

A general typology of the factors contributing to commercial blight patterns can be found in the work of Brian Berry (1963). In this work, Berry outlines four categories that either individually or together cause storefront dereliction. *Economic blight* takes place when a large amount of businesses close resulting from a reduction in purchasing power, consumer demand, or trade area. *Physical blight* speaks to the structural deterioration of buildings and properties due to a lack of maintenance and government oversight; *Frictional blight* pertains to issues with patron access due to conflicting neighbouring land uses or environmental factors such as traffic congestion, litter and vandalism; and *Functional Blight* pertains to the obsolescence of small downtown businesses due to modern retail forms available in suburban areas, as well as the growing proportion of consumers who do their shopping by car (Berry, 1963, p. 179-181).

Given more recent global social and economic trends, modern literature has upheld Berry's categories of commercial blight. For instance, functional blight has gradually grown through the rise of the automobile, and the increased popularity of larger-scale, farther located shopping centres. As a result, there has also been a

decreased demand for smaller, traditional neighbourhood retail formats. This issue is prevalent in Hamilton and many other North American cities (Maoh and Kanaroglou, 2007). Automobile dependency is widely recognized to have changed the overall centralized character of cities within the last century, gradually dispersing populations and employment through the subsidization of extensive highway and greenfield construction (Bourne 1989; Harris 2000; Cuthbert and Anderson, 2002; Maoh and Kanaroglou 2007; Leonard and Mallach, 2010). Attracted by low highway shipping costs, lower rents and larger footprints, businesses began to relocate to suburbs, attracting skilled employees along with them (Maoh 2005; Behan et al, 2008). As a result, traditional central business districts have been decentralized and weakened.

In their 2010 study, Maoh et. al visualized the change in commercial development within the Hamilton area between 1950 and 2003. As seen in Figure 1, over 50% of commercial development was centered in old Hamilton between 1950 and 1980. Gradually, development began decentralize and spread to Hamilton's suburbs of Stoney Creek, Ancaster, Waterdown and Flamborough. By the 1990s, only 21% of commercial development was taking place in the older part of the City (Maoh et al, 2010).



**Figure 1. Commercial floor space development between 1950 and 2003. Reproduced from Maoh et al, 2010.**

The outmigration of businesses and employment opportunities has been impacting Hamilton's manufacturing sector as well. Even in the City that was once defined by its extensive waterfront-factories, suburban factory jobs are now on the rise while manufacturing jobs on the industrial waterfront diminish with every generation (Harris et al, 2014). Thus, functional blight has been a considerable challenge to formerly vibrant commercial hubs like Barton Street through the decentralization of economic activity and skilled labour.

A further challenge to traditional Canadian retail formats came to be recognized by literature in the 1980s (Buliung et al. 2007). The introduction of big-box 'power centre' plazas had a significant impact on the competitive retail market (Jones and Doucet, 2001). Partially in response to cross-border shopping, these mega-centres became prominent in the Greater Toronto Area as way of encouraging Canadians to shop at home, but in effect they had put significant pressures on traditional Canadian shopping centres and commercial corridors. In the 1990s, American retailers began to gain tremendous traction in Canadian markets, further pushing out traditional and national retailers out of business. For context, Wal-Mart captured 24% of the Canadian department store market share in 1996, which was up by an impressive 12% from its share in 1994 (Jones and Doucet, 2001). With an average size of approximately 4,200 square metres per outlet, their competitive, technologically innovative business model earned power centres the nickname 'category killers'. Their rapid adoption in the Canadian market had crippling consequences on smaller, less efficient regional retailers (Jones and Doucet, 2001). In addition to the advent of online shopping (Whysall, 2011), this new modern retail model drove down the demand for traditional central commercial retailers like the ones along Barton Street, presenting an issue of economic blight within the area as well.

Building on Berry's typology of factors that contribute to commercial blight, other factors come into play when general vacancies and a lack of property maintenance arise. Accordino and Johnston note that vacant and abandoned properties can arise in normally functioning markets as well (2000). As residents migrate from struggling city centres, those who are left behind may be restricted from leaving due to income, place

attachment, real or perceived discriminatory practices, or the lack of private transportation. As a result, some remaining residents over time will choose to upgrade and maintain their housing, and those who are restricted by financial constraints or other inabilities will be unable to do so. Further, vacancies and abandoned properties may manifest themselves from the oversupply of properties for which there is little demand (Accordino and Johnston, 2000). After demand declines, achievable rents fall in turn, followed by the decrease in maintenance frequency to conserve financial means. Owners then begin to prioritize short-term cash savings to the detriment of the long-term life of their buildings (White, 1986). Further, declining local economic conditions can impact the stability of employment, which in turn impacts residents' abilities to pay their mortgages and property taxes, making abandonment, vacancies and foreclosures a possible next step (Sternlieb and Burchell, 1973; Salins, 1980; Leonard and Mallach, 2010). Even those who wish to invest in their buildings sometimes face strict building and zoning codes that make it prohibitive to proceed with improvements (Leonard and Mallach, 2010).

The persistence of high vacancies, unmaintained properties, and urban blight can present indirect, yet serious, financial obstacles for those seeking to invest locally. Since the 1960s, the practice of 'redlining' certain neighbourhoods has drawn criticism for driving disinvestment in central urban areas in the United States. This practice is defined by the refusal of institutions to give mortgage loans or commercial financing in specified areas, or when they demand terms that are overly prohibitive and stringent (Harris and Forester, 2003). According to Hunter, lenders base these practices on 'sincere and studied business judgments' regarding the costs of doing business (1975). However, since the 1960s the practice of redlining has been associated with racial discrimination, disinvestment, and neighbourhood decline (Tootell, 1996). The literature shows that since the 1950s, lending institutions in Hamilton have been discriminating against neighbourhoods in the City's east end and close to the industrialized lakefront (Harris and Forester, 2003). Anecdotal evidence has shown that this has continued to this day, with local stakeholders reporting the disproportionate difficulty of securing financial loans for residential and commercial ventures close to downtown, including on



Barton Street (Hughes, 2001, the Planning Partnership, 2014a). When the local housing market is weak, economic conditions are subpar, and entry into the market is limited by practices such as redlining, speculative behaviours often precipitate and result in further neglect and vacancies. When property values and taxes are on the rise, landowners enticed by the prospects of future increased rents or attractive sale revenues will maintain their properties either vacant or unmaintained (Surkar, 2012, the Planning Partnership, 2014a).

As this section has demonstrated, the conditions that precipitate landlord absenteeism are multi-faceted. Any recommendations to address these issues must understand the direct implications to residents and the surrounding community, therefore the following section will summarize findings from literature addressing the impacts of vacancies and blight.

### **3.2 EFFECTS ON THE COMMUNITY**

Vacant or derelict looking properties typically signify that a property is in transition. Prolonged vacant properties, however, have more negative connotations that can be explained by Wilson and Kelling's 'Broken Window' theory (1982). By definition, the theory stipulates that if a window in a building is not repaired, eventually the rest of the building's windows will be broken. The initial broken window signifies that there is a lack of will to repair it, and the rest of the windows break because of the continued lack of will to generally repair broken windows. As such, vacant or blighted properties convey to those who walk by that there is neither local control nor consequences for negligence, and that their existence in a community is contagious (Hirokawa and Gonzalez, 2010).

Without a responsible party to care for the premises, the physical conditions of the property are at risk of deterioration, impacting adjacent businesses and the local community. Properties that show a lack of oversight by their owners is said to invite vandalism and further neglect, which perpetuates the deterioration of civic concerns and the community's sense of ownership. Further, Wilson and Kelling suggest that 'broken windows' are associated with a weak economy, weak community confidence, and

general instability. Once the sense of mutual responsibility over a community is lost, actions that signal a lack of communal caring become more and more frequent (1982). Eventually, businesses and investors become reluctant to invest in these neighbourhoods, perpetuating the issue of 'redlining' (Schilling, 2002).

To demonstrate the extent of the problem in modern days and how municipal officials perceive it, Accordino and Johnson surveyed representatives from 149 of the most populous cities in the United States. Overall, the most common challenges resulting from vacant and abandoned properties were the negative impacts on housing and neighbourhood vitality, followed closely by impacts on crime prevention efforts, commercial district vitality and the overall quality of life for residents (Accordino and Johnson, 2000).

The implication of this is that dereliction in commercial corridors translates to fewer shoppers and pedestrians on the sidewalks, which in turn spurs negative perceptions of the area. The absence of pedestrians serves as a testament to the lack of public safety controls, and drives the perceptions that the area itself is unsafe. As a result, people begin avoiding blighted areas and generally withdrawing from the public realm (Moe and Wilkin, 1997, p84). Eventually, many residents leave, while those who remain become accustomed to vacancies, blight and their associated challenges to the neighbourhood (Schilling, 2002).

The literature has shown concrete evidence of the negative externalities imposed on properties neighbouring those that are vacant and/ or blighted. In a 2013 study by Whitaker and Fitzpatrick, property values in Cayuga County, Ohio were analyzed with respect to the impact of the proximity of distressed properties (defined as vacant, neglected, and/ or tax-delinquent). The results showed neighbouring distressed properties reduced property values by up to 4.6% (Whitaker and Fitzpatrick, 2013). This reduction in market value diminishes the equity of neighbours and thus their personal wealth, making the resale of their properties difficult. Compounded by the observed difficulties to secure loans in the area, neighbours may be disproportionately financially impacted by the prevalence of blight and vacancies in their community.

While city staff and officials understand that blight and vacancies perpetuate decline and must be addressed, it is a resource-intensive pursuit to control and secure each property against vandalism and decay (Accordino and Johnson, 2000; Schilling, 2002). Further, as assessed market values go down, so do tax revenues, forcing governments to raise property taxes or experience decreased revenues, making the administration of abatement programs even more financially cumbersome (Accordino and Johnson, 2000).

As Barton Street suffers from disproportionately high levels of vacancies in relation to other parts of Hamilton, and given the snow-ball effect of property dereliction, proactive measures must be taken to engage landowners in property maintenance, as both a cost-savings measure and to foster civic pride.

## 4.0 MITIGATION STRATEGIES

When vacancies and blight are a considerable concern, municipalities can draw on available resources to devise regulations and incentive programs to mitigate the problem. In his 2010 paper, Mallach discussed the challenges of vacant, blighted and abandoned buildings on neighbourhoods, and provided various strategies for cities to address blight and urban vacancies, both commercial and residential. Table 1, reproduced from his report, draws on the regulatory strategies that could be most applicable in Hamilton.

**Table 1. Examples of Principal Regulatory Strategies. Adapted from Mallach, 2010**

Category	Strategy	Description
Keeping Track of landlords and property	Rental registration	Landlords must register with city and provide contact information
	Finding rental properties	City leverages its resources with citizens and other resources to identify unregistered properties
	identifying 'bad apples'	Systems to identify and target remedies toward problem landlords and properties
Establishing minimum property standards	Rental licensing	Combine registration with health and safety inspection at regular intervals
	Certificate of occupancy inspections	City requires inspection and certificate of occupancy on change of ownership and/or change of occupancy
	Code enforcement	City targets code enforcement resources or works with residents to supplement public sector resources
	Landlord security deposit	Landlords must provide city with security deposit which city can use to make emergency repairs
Covering regulatory Costs	Rental conversion fee	Fee charged if unit goes from owner-occupancy to rental tenure
	Disproportionate impact fee	Rental licensing fee set on basis of disproportionate impact of rental housing on municipal services
Imposing penalties	Penalty fee	Imposing penalties on owners for failure to comply with notice of substantive regulations

When blight and vacancies arise, the most pressing concern of municipalities is to stabilize problem sites and prevent further negative impacts to the surrounding neighbourhood. Mallach presents four general categories of actions that municipalities

can undertake. The first category, 'Keeping track of landlords and properties', encompasses actions that track properties and their owners to both send the message that they are accountable to City officials, and to make them traceable in the case of a safety hazard or violation of property standards by-law. Tracking problem landowners can help target enforcement measures such as incrementally increased fines for repeated violations, the revocation of licenses, the provision of remedial plans, and suspending their eligibility for financial redevelopment incentives (Mallach, 2010).

Also included in this category is a suggestion to track blighted and/or vacant properties in a separate database, as vacancies often breed other vacancies (Schilling, 2002). Tracking the amount and location of such properties may help municipalities develop an understanding of the severity of the issue, and develop area-wide abatement programs. Further, tracking vacancies may be useful for interested investors (Schilling, 2002). In a situation of limited resources, municipalities may choose to enlist the help of the public in identifying blight and concerns in their neighbourhoods. The process of reporting must be made as easy and accessible as possible in order to target the public's concerns and direct staff as pointedly as possible to the issue. Technological advances such as reporting applications have been instrumental in reporting infrastructure and blight issues to municipalities. For example, an application called 'SeeClickFix' allows users to submit a complaint directly to local officials by geo-tagging an observed issue (Mallach, 2010).

The next category, 'Establishing minimum property standards', refers to nuisance abatement programs where unhealthy and hazardous conditions are addressed by municipal staff that conduct inspections and fine owners whose properties are found to be non-compliant with local property standard regulations. A systemic approach to inspections should be developed by municipal staff that complements, without relying on, community complaints (Mallach, 2010).

The category 'Covering regulatory costs' refers to the collection of fees that are levied in correspondence with the property's use of additional municipal services. For example, when an owner-occupied unit or property is converted to a rental use, fees collected would be targeted towards an initial inspection and continuous monitoring. The

last category, 'Imposing penalties for failure to comply with regulations', pertains to the recovery of fees for administering all programs mentioned above (Mallach, 2010).

As effective as the above measures can be in punishing those who are negative influences in their communities, they can also be seen as collective punishment for those who are not. The sole reliance on punitive measures may be counterproductive to the goal of encouraging responsible property maintenance. Regulations that impose fees on all landowners, regardless whether they are in fact negligent, are designed to mitigate issues with blight and vacancies, but negative consequences from this practice may drive away investments in certain areas, further perpetuating the issues of blight and vacancies (Schilling 2002; Mallach, 2010). This is especially true in weak markets, where stringent regulations will drive away negligent landowners, but will most likely not work to attract investors. Therefore a more balanced approach is needed that integrates incentives with regulations to create a support system for landlords, and to encourage them to maintain their properties.

When cities provide incentives, they recognize that landlords and investors are key partners in ensuring the vitality of neighbourhoods, and that they will be taking financial risks to do so. Table 2 summarizes common incentives that could be offered to encourage responsible property maintenance and investment by landlords.

**Table 2. Examples of Incentive Programs. Adapted from Mallach, 2010.**

Category	Examples
Direct financial assistance	<ul style="list-style-type: none"><li>• Rebate of licensing or other fees</li><li>• Loans or grants for property improvements</li></ul>
Indirect financial assistance	<ul style="list-style-type: none"><li>• Free or subsidized safety inspections</li><li>• Free or subsidized equipment, such as smoke detectors, carbon monoxide detectors, security locks or closed-circuit cameras</li><li>• Insurance discounts</li><li>• Discounts on goods and services at local merchants</li><li>• Reduced fees for municipal permits or licenses</li></ul>
Training and technical assistance	<ul style="list-style-type: none"><li>• Free training courses sponsored by the City</li><li>• One-on-one technical assistance on specific problems</li><li>• Discounts to community college courses</li><li>• Free preventative maintenance and security inspections</li></ul>
Improved Access	<ul style="list-style-type: none"><li>• Single point of contact in city hall</li><li>• Designated police department liaison</li><li>• Participation in regular landlord forums with key government officials</li></ul>
Improved Process	<ul style="list-style-type: none"><li>• Fast-track approval for construction permits</li><li>• Flexibility to make necessary repairs and improvements in stages</li><li>• Greater access to available properties</li></ul>
Help obtaining tenants	<ul style="list-style-type: none"><li>• Free advertising in newspapers and web-sites</li><li>• City guaranteed deposit for tenants meeting set standards but lacking funds</li></ul>

Municipalities can provide eligible investors and landlords with resources to ensure that that rehabilitation and responsible long-term maintenance are achieved. The primary programs used by municipalities involve the provision of financial incentives in the form of loans, tax credits, grants, and waivers of tax arrears and liens (Schilling, 2002). These benefits directly assist with rehabilitation efforts. Other avenues that can be taken are the provision of discounts on regulatory fees based upon the fulfillment of certain criteria, such as the prolonged absence of nuisance complaints from the community. This incentive is based on the idea that nuisance complaints cost municipal staff in both time and money, thus financially rewarding compliant landlords shares cost-savings with them and encourages good practices (Mallach, 2010).

Beyond financial incentives, Cities can also provide discounted safety inspections to accredited landlords, which will make the City aware of their property's conditions while saving money for the landlord. Further, the city can develop relationships with

local businesses such as contractors and hardware stores that in turn will offer discounted goods and services to accredited landlords.

Cities can also offer capacity-building training programs to help landlords understand the complexities of revitalizing vacant and blighted properties, as well as programs teaching the fundamentals of property ownership and management. These programs would ideally focus on the maintenance of rental units in compliance with local by-laws and codes, with specific reference to the local regulatory measures in place to ensure compliance as well as how to screen potential tenants and recognize when illegal activity takes place on their properties. As an added incentive, topics could include how to apply for local financial assistance programs geared towards renovations. Further, the successful completion of the training program could make participating landlords eligible for discounts on regulatory fees (Mallach, 2010).

Appointing a readily available point of contact at the City will communicate to landlords that municipal staff is there to help them with their ventures. Ideally this person or department will consolidate all of the necessary information for regulations and incentives at one source, saving landlords the trouble of seeking information from multiple departments. Further, they may liaise between landlords, investors, private sector contractors and other local agencies that have local expertise with property rehabilitation in order to provide area-specific advice. Alternately, giving landlords the ability to make some of the repairs themselves or in stages may add a level of financial security to rehabilitation projects. Generally, shortening the time-period for permit review and acquisition gives investors and landlords a level of certainty for their expenditures and construction schedules, and is thus a good strategy to foster good relationships with investors (Schilling, 2002; Mallach, 2010).

Other than helping tenants and investors stabilize their vacant and/or blighted property, landlords may need help securing tenants. Especially if they are new to the market or the area, they may not have the connections or ability to search for tenants. Thus, the City could use its resources and provide advertising for newly renovated properties. Further, tenants could be supported and attracted to the properties by the provision of financial assistance to those who are deemed to meet a set of criteria. This



could be in the form of assistance with rental deposits or other up-front expenditures (Mallach, 2010).

As Table 2 demonstrates, there are many incentive options available for governments to use in combination with regulations. The following case studies will demonstrate how two American cities tackled their issues of blight and vacancies through the provision of such incentive-based programs.

#### **4.1 CASE STUDY: TROY, NEW YORK**

In 2002, a non-profit organization called the Troy Rehabilitation and Improvement Program (TRIP) developed a program to address the issues of vacancies, neglect and illegal activities taking place in its neighbourhoods. The program is premised on the idea that landlords want to positively contribute to their communities and protect their tenants, thus participants are not antagonized for past inability to adhere to codes and ordinances. One component of the program is a four-hour training session that focuses on accountability and responsible property maintenance. Covered topics include tenant screening techniques, how to recognize signs of illegal activities, nuisance abatement strategies, dispute resolution, and local regulations that must be adhered to. Housing specialists, local community police, by-law enforcement inspectors, neighbourhood leaders and experts on public health and safety come together for the workshops to answer questions and give advice to participants.

Another component of the program helps landlord secure responsible tenants through the inclusion of a criminal background investigation, a credit check, and an in-depth applicant reference check. In recognition that tenants need protection as well, the TRIP has partnered with Troy's Rensselaer Polytechnic Institute to assist college students transition from campus living to renting in the community. The organization offers first-time renters a course about their rights and responsibilities as tenants, and gives participants a list of safety features to look for. Since 2002, over 1,000 landlords have completed the course, which in combination with other local regulatory programs has been instrumental in encouraging property maintenance (Hawkins, 2011).

Other programs enlisted by the community include the mandatory registration of vacant rental units with the City, and the implementation of a 'nuisance enforcement status'. This measure tracks the properties of owners where crimes occur repeatedly, and assigns points based on infractions. Certain crimes carry higher points than others, and when a property reaches 12 points, it may be closed up and vacated.

## **4.2 CASE STUDY: SAN DIEGO, CALIFORNIA**

San Diego's comprehensive three-part approach to addressing vacancies and blight recognizes that close coordination between landlords and city departments is necessary, in addition to incentives and regulations. The first component involves a landlord-training program for eligible landlords in high-crime neighbourhoods, administered by the police department. Like the program in Troy, this one addresses the themes of accountability and responsible property maintenance, in addition to advice on preventing vandalism and criminal activities.

The second component involves regulatory action, where community complaints or staff inspections identify problem properties. After identification, landlords are sent notices advising them to secure and/or clean up their sites to meet local standards. After they are advised of their infractions, they have 30 days to submit information describing the expected length of vacancy, as well as their plans for maintenance and security of the property in addition to a plan for occupation, rehabilitation or demolition if necessary. If they fail to submit these documents, they are fined. Repeated infractions may result in demolition (Mallach, 2010).

The third component is the City's Vacant and Abandoned Properties Coordinator, who works with landlords and other community stakeholders to find ways to rehabilitate or sell properties. The coordinator provides landlords with information regarding code compliance and financial assistance programs that they may be eligible for while understanding their unique needs. As a central point of contact, the coordinator manages an inventory of vacant properties, and is the first to be notified of infractions and community complaints. In turn, responsible city staff is contacted to perform

regulatory functions to secure the property, and landlords are contacted to develop a nuisance abatement strategy. As a liaison between multiple community partners, the coordinator also maintains a database of local businesses, programs and potential investors that may be contacted depending on the unique needs of the client. Because the coordinator is well versed in regulations such as the building code and local development directives, they are able to give advice on available financial incentives and regulations with a holistic view of the City's end-goal (Leonard and Mallach, 2010). Since the program's inception, 90% of cases opened against landowners have been closed through voluntary compliance (Leonard and Mallach, 2010).

## **5.0 CONTEXT OF STUDY AREA**

Building on findings from the literature review, the Ward 3 section of Barton Street must be characterized for its location-specific contributors to landlord absenteeism. The recognition of the unique drivers and characteristics of landlord absenteeism in an area is instrumental in formulating mitigation strategies. The following sections will describe the extent of the issue and well as the unique challenges faced by the area and its inhabitants.

### **5.1 CHALLENGES FACING BARTON STREET**

Hamilton's Ward 3 is characterized by its large number of industrial lands, which together with its commercial properties, make up a third of the ward's total land-use (City of Hamilton, 2012a). Historically, this ward was the heart of Hamilton's steel industry, making Barton Street its primary commercial corridor. This iconic economic hub served Hamilton's eastern neighbourhoods for generations, giving prosperity and stability to its inhabitants. However, with the decline of industrial manufacturing, Hamilton and its 'blue-collar' neighbourhoods have experienced economic hardships. Nowadays, Ward 3 contains the highest proportion of property vacancies in the City. In 2013, 140 of the vacant buildings registered with the City of Hamilton were located in Ward 3 (Buist, 2013a). To put this number in perspective, all five of Hamilton's suburbs and its three Mountain wards combined amounted to 122 registered vacant buildings. To make matters worse, in 2013 Barton Street had the largest share of vacant buildings in Ward 3, with a total of 26. With the inclusion of vacant lots and street-level vacancies, the total jumped to 101 vacancies (Buist, 2013a).

Whereas 50 years ago 367 businesses were located between Wellington and Ottawa Streets along Barton, less than half remain today (Buist, 2013b). Vacancies have severely detracted from the formerly lively streetscapes, and the neglected public realm in turn perpetuated urban blight and public health issues such as addiction, poverty, and crime. As of 2012, roughly 12,500 people lived along the Barton section of

Ward 3, with one in three of those living below the poverty line (Buist, 2013b). Further, one in every six houses in Ward 3 is in need of major repairs (Buist, 2013b).

In assessing Barton Street's potential for regeneration, the area has come under scrutiny by the local newspaper, the Hamilton Spectator. In 2012-2013, a group of journalists launched an extensive study of the area, compiling data on tax revenues, arrears, vacancies, and other challenges facing Barton Street in attracting investment to the corridor. The Spectator's findings were stark. Out of the area's 332 taxable properties, 150 had empty buildings, vacant lots or storefronts that were either vacant or illegally converted to apartments. More concerning was the low amount of tax revenue generated by this corridor in relation to the big-box power centres in Hamilton. For instance, the Costco, Home Depot and Sobey's in one of Ancaster's smart centres alone generated roughly the same amount of tax revenues in 2012 as did all of the study area's 332 properties (Buist, 2013b). The growing popularity and prevalence of these power centres poses a threat to Barton Street's traditional small footprint stores (Jones and Doucet, 2001, Maoh and Kanaroglou, 2007). Particularly the redeveloped Centre Mall at Barton and Ottawa, which is home to stores like Wal-Mart. As mentioned in earlier sections, power centres have been incredibly successful in Canada and the GTA, driving Canadian and traditional retailers out of business (Jones and Doucet, 2001). Thus, their location in the vicinity of Barton Street's community-level retailers presents a significant threat to current and prospective business owners in the corridor. Other than vacancies, one of the side effects of decreased demand for traditional small-footprint retail is the illegal conversion of at-grade storefronts to residential apartment units. This is an issue that is prominent along Barton Street much to the displeasure of the Barton Street BIA and stakeholders who wish to retain the commercial function of the corridor (Buist, 2013c; The Planning Partnership, 2014a).

In addition to the advent of big-box retail formats and online shopping, as well as a local decrease in buying power, the traditional small-scale neighbourhood retailers that previously thrived along Barton Street have been largely rendered undesirable for commercial enterprises. In response, some landowners have been converting their storefronts into apartments and renting them out to achieve a minimal cash flow for their

real estate investment. Despite Hamilton's current zoning regulations, which heavily restrict at-grade residential uses along the corridor, a recent investigation by the Planning Partnership found 57 such units along the Ward 3 section of the corridor. Further, commercial and residential rents are comparable along the corridor, meaning that to some landowners, residential tenants are seen as more reliable than commercial tenants (The Planning Partnership, 2014b).

In public consultation sessions held by the Planning Partnership in 2014, the most commonly cited issue with landlord absenteeism along Barton Street was the prominence of converted storefronts; namely the unattractive appearance of units and their negative impacts on streetscapes. A more serious concern that was raised was that by virtue of being illegal, the units were very likely to be unregulated and thus not in compliance with Building Code and/or Fire Code requirements. This puts vulnerable low-income residents in precarious living arrangements, and is perceived as inappropriate by the community (The Planning Partnership, 2014a).

Overall, stakeholders expressed a wish for retaining the commercial nature of the corridor, indicating that high concentrations of residential units in storefronts at-grade break up the commercial continuity of the street. However, there was recognition that the residential uses likely prevented storefronts from being entirely vacant, giving a source of income to property owners. Further, concerns were raised about the potential displacement of low-income tenants living in these units, as economic conditions in the area drove the market demand for affordable housing in the area.

The 2014 community consultation sessions also outlined concerns about the reluctance of financial institutions to back new business ventures along Barton Street. Stakeholders reported that banks perceived high vacancies in the area as elevated risks for defaults, making it difficult for independent business owners to secure loans. Further, property owners in proximity to vacant or illegally converted storefronts reported an increase in their insurance premiums. As a result, this punitive practice discourages willing parties from filling vacancies and making under-utilized spaces productive again.

As mentioned in earlier sections, there have been reports in recent years of the difficulties that stakeholders have in securing loans for residential and commercial

ventures in areas adjacent to the industrialized waterfront and downtown (Hughes, 2001; Harris and Forrester, 2003). Perhaps this has been a contributing factor to the low interest in improvements that the area has seen. Only three site plan applications are currently active, in addition to one rezoning application to convert a former school site into a residential use (D. Barnett, personal communication, February 10, 2015). Using Hamilton's online building permit query, information was compiled for all building permit applications processed within the last 12 months of February 2015. 41 applications in total were found; with 20 having been approved and issued, 10 being currently in review, 9 being closed, and one being cancelled to date. 17 of the total building permit application pertained to improvements at 237 Barton Street East; the Hamilton General Hospital. Only one of the applications was for a demolition of an accessory structure.

This information indicates that the corridor has seen little interest in investment and change. The following section will outline a closer look at the turnover of occupants and businesses in the study area since 2000, and will identify whether the area has seen any significant changes since then in the way of tenure length and vacancy counts.

## **5.2 HOUSEHOLD AND BUSINESS TURNOVER**

The Vernon's city directories collect contact information for households and businesses in Hamilton and surrounding areas, and indicate how long a household or business has existed in a particular address. Using these directories, data was collected on tenure length and status in 2000/2001, 2007/2008, and 2013 for the Ward 3 section of Barton Street. Information on the turnover rates of households and businesses as well as vacancies further contextualized the stability of tenure within the study area.

It is important to note that the directory listings made no distinctions between businesses and households, though some entries were self-evident in their commercial nature. Also, no distinctions were made between tenants and landowners, as only the names associated with an address's landline were listed. Furthermore, with the increasing prevalence of cellphone-only households in Canada (Statistics Canada,

2014), those types of households were not traced and accounted for in the Vernon's directories. Therefore, while a total of 912 entries for separate addresses were recorded across the three timeframes, the number of households and businesses may have been even higher than what the data indicated.

With respect to the number of businesses and households along the Ward 3 section of Barton Street, there was a small increase from a 57.1% listing rate in 2000/2001 to 59.3% in 2013. Overall, the increase in new businesses and/or households was 239 from 2000 to 2013, with the closure, or loss of entries, quantified at 218. This number was determined by looking at an address that listed contact information, and if in subsequent timeframes the address was no longer listed, became listed as 'vacant' or 'no return', the address was determined to have become underutilized and abandoned by its previous user.

**Table 3. Data collected from the Vernon's directories between 2000-2013**

Number of New Occupants 2000-2007	149
Number of Ended Tenancies 2000- 2007	134
Number of New Occupants 2007-2013	188
Number of Ended Tenancies 2007-2013	172
Number of New Occupants 2000-2013	239
Number of Ended Tenancies 2000-2013	218
Number of Constantly Occupied Addresses	262

All the available address entries were then analyzed with respect to constant occupation and vacancy of units. In this case, an address point was deemed vacant or uninhabited if no contact information was listed in association with a given address across all three timeframes. It was deemed constantly occupied if contact information was available for all three timeframes, whether or not the inhabitants or businesses were the same between 2000-2013. As a result, it was found that 262 (28.7%) businesses were consistently occupied between 2000-2013 in the study area, and 84 (9.2%) were consistently vacant or without a listed associated contact.



**Table 4. Data collected from the Vernon's directories between 2000-2013**

	2000-2001	2007-2008	2013
Number of businesses/inhabitants	521	534	541
Number of vacancies	56	44	36
Number of 'no return' addresses	43	32	98
Number of entries with missing information	292	302	237
Number of long-term (10+ year) businesses	108	135	150
Number of new tenancies within timeframe	125	105	140
Number of new tenancies (since previous timeframe)	X	149	188
Number of terminated tenancies (since previous timeframe)	X	134	172

The proportion of listed vacant units along the corridor also dropped from 6.0% in 2000/2001 to 3.9% in 2013, which demonstrates small signs of improvement. This change may be in part due to Hamilton's Vacant Building Registry, which will be discussed in further detail in a later section. Alternately, the most significant positive data is that of the longevity of long-term businesses along the corridor. Between 2000 and 2013, the number of inhabitants and businesses existing on Barton for over ten years grew from 108 (20.7% of total active listings) to 150 (27.7% of total active listings). However, when the average length of tenures was calculated, excluding the long-term businesses on the block, the data showed another trend. In 2000-2001, the average tenure length was 2.0 years. In 2007-2008, it was 3.5 years, and in 2013 it was 2.5 years. Because the average length of tenures did not greatly increase across the three time periods, assumptions can be made that these short-term average occupancy rates mean high turnover rates for both businesses and households.

A 2010 study for Industry Canada showed that 30% of new businesses fail within the first two years, and about 50% do not survive past five years (Fisher and Reuber, 2010). In addition to this, it is well-documented that low-income neighbourhoods face high rates of turnover (Vigdor et al, 2002, Freeman and Braconi, 2004; McKinnish et al, 2010). Therefore, the low average occupancy length along Barton is consistent with proven trends. With consideration to the increasing proportion of long-term businesses along Barton, these findings indicate that despite the pervasive economic issues along

the area and high turnover of households, some businesses and occupants are still able to stay and maintain operations for a prolonged period of time, indicating a moderate level of neighbourhood support and stability.

### **5.3 ANALYSIS**

An examination of local factors driving landlord absenteeism identified a number of significant challenges, as well as some opportunities for positive change. The combination of an oversupply of commercial lands coupled with a diminished demand; the low buying power of the local population; the encroachment of value-driven, automobile oriented big-box retail models and the difficulty in financing investments in residential and commercial ventures in the area have each presented significant challenges to commercial enterprises along Barton street. Effectively, the street has changed from its historically intended purpose of commercial hub. However, findings from the Vernon's directories have shown small signs of improvement and a consistent support for long-term businesses, indicating a degree of stability and community cohesion within the local client base.

Additionally, other more regional drivers have been spurring change in Hamilton, and are predicted to reach Barton Street in the future. For example, the expansion of the GTA's commuter shed from recent provincial investments in transit infrastructure will be used to drive change in the area, as seen from other local examples from Hamilton's downtown (Harris et al, 2014). Evidence has been mounting which shows gentrifying forces moving into central Hamilton, partially due to the growing popularity of the City's music and arts community. Its increasingly popular events, such as the annual music and arts festival 'Supercrawl', have been impacting local communities positively and encouraging visitors from outside of the City to visit and experience Hamilton in a new way (City of Hamilton, 2010a; J.C Williams Group, 2010; Harris et al, 2014).

Further, anecdotal evidence exists of the growing demand for walkable, fine-grain streetscapes that are in proximity to transit, making Hamilton an increasingly popular choice for new homeowners (Harris et al, 2014). With the construction of a new rail

station north of downtown and with the planned expansion of rail-service to an all-day schedule, people priced out of the competitive Toronto housing market have been focusing their attention on Hamilton (Harris et al, 2014). Also, recent reports have indicated that Hamilton's housing market was consistently increasing in value, and that downtown housing was achieving above average price increases (Craggs, 2013; Peesker, 2014).

Studies have shown that to achieve revitalization and intensification, Hamilton must have an adequate supply of land in addition to a demographic base that supports it (Behan et al, 2008). With the improvement of market conditions in Hamilton, and with the growing demand for its affordable and accessible housing stock, Barton Street has potential to be targeted next for revitalization and intensification (Wells, 2013).

Recent provincial and municipal directives have been promoting smart growth principles for the City of Hamilton, including intensification and the promotion of vibrant, liveable downtowns (City of Hamilton, 2006a; City of Hamilton, 2006b) In combination with the growing interest in Hamilton and its integration into the GTA commuter shed, these trends are likely to continue and drive revitalization in and around Hamilton's urban centre. With this in mind, local landowners will be key stakeholders in the long-term revitalization of Barton Street. Therefore in order to counteract the 'broken window' effect and its negative repercussions to the community and to drive investment, absentee landlords will need to be encouraged to fill vacancies and maintain their properties.

## 6.0 POLICY & REGULATIONS

### 6.1 PROVINCIAL DIRECTIVES

In recent years, provincial directives have been written to support the efficient use of urban land through a best- and highest-use approach to planning. In its proximity to downtown Hamilton, Ward 3's Barton Street segment is ripe for intensification largely because of its good access to infrastructure, transit, and municipal services. It is also severely under-utilized as a commercial corridor, as evidenced by a high rate of vacancies and the numerous conversions of former commercial storefronts to residential uses. The Provincial Policy Statement 2014 and the Growth Plan for the Greater Golden Horseshoe 2006 outline a range of directives to promote complete, compact, efficient communities to drive the prosperity of Ontario.

#### 5.1.1 PROVINCIAL POLICY STATEMENT 2014

The PPS 2014 defines intensification as:

*the development of a property, site or area at a higher density than currently exists through:*

*a) redevelopment, including the reuse of brownfield sites;*

***b) the development of vacant and/or under-utilized lots within previously developed areas;***

*c) infill development; and*

***d) the expansion or conversion of existing buildings (OMMAH, 2014)***

Through multiple policies, the PPS endorses intensification particularly in areas that will help meet projected needs on a 20-year horizon (Policy 1.1.2) and within settlement areas and designated growth areas (Policy 1.1.3.2). The PPS also stipulates that existing building stock and the availability of existing and planned infrastructure and public service facilities be taken into account to accommodate projected intensification (Policy 1.1.3.3). Additionally, minimum targets for intensification and redevelopment should be set within built up areas based on local conditions (Policy 1.1.3.5). Thus,

maintaining long-term vacancies and under-utilized properties along Barton Street is contradictory to the intensification objectives of the PPS.

The PPS stipulates that employment, commercial and other land-uses that rely on intensive travel be focused on areas that are well served by public transit (Policy 1.8.1c). Other policies pertaining to economic development encourage business opportunities for a diverse range of economic activities existing on varying sizes and types of sites in consideration for the diversity of current and future needs of the community (Policy 1.3.1). Also, in recognition the value of downtowns and main streets, the PPS 2014 includes a policy directing municipalities to maintain, and where possible enhance, the vitality and viability of such areas (Policy 1.7.1c).

In consideration of the potential of the area for improvement as well as its existing underutilization, any recommendations on improving the area should promote intensification and aim for the retention of the commercial nature of the corridor with respect to PPS directives.

### 5.1.2 GROWTH PLAN FOR THE GREATER GOLDEN HORSESHOE 2006

The GPGGH 2006 emphasizes the utilization of existing built-up areas to meet its projected population and employment targets for 2031. It also emphasizes the necessity of providing opportunities for businesses to locate in the GGH, especially in urban growth centres like Hamilton's downtown. The GPGGH states that an adequate supply of land must be provided for employment uses, and like the PPS, it encourages the efficient use of land and infrastructure by directing population growth and employment to built-up areas to minimize the use of green fields for urban expansion.

By 2031, the entire region of the GGH is expected to grow by 3.7 million people, with 1.7% of growth being centred in Hamilton. Schedule 3 of the GPGGH indicates that between 2001 and 2031, the City will see an increase of 150,000 people and the creation of 90,000 new jobs (Ministry of Infrastructure, 2006). As an urban growth centre, Hamilton should strive to direct its population and employment growth into areas where infrastructure and supporting services exist, such as the Barton Street corridor.

Currently, the area is vastly under-utilized as evidenced by the large amount of vacant and under-utilized commercial and industrial properties along the corridor. By virtue of its proximity to downtown Hamilton and access to infrastructure, transit and services, this area is full of potential of providing accessible employment lands, meeting the GPGGH's goals of increased population and employment opportunities in the area.

## **6.2 MUNICIPAL DIRECTIVES**

### **6.2.1 URBAN OFFICIAL PLAN POLICIES**

Hamilton's Urban Official Plan (UHOP) encourages the development of compact, mixed-use communities. Intensification is a critical component of the City's growth strategy, being focused towards its nodes and corridors through infill, redevelopment, population growth, and infrastructure investment. Following the GPGGH's directives, the UHOP indicates that by 2031, a total of 26,500 residential units will be built within the City's built-up areas (City of Hamilton, 2013a). Policy 2.4.1.3c indicates that of those, 40% will be targeted to the City's 'neighbourhoods'. According to the UHOP's Schedule E (Urban Structure), the Ward 3 section of Barton Street falls entirely within a 'neighbourhood' designation. Recognized as being stable, 'neighbourhoods' are also predicted to be dynamic. Comprising the largest proportion of the City's land-use, they are defined as containing a mixture of housing types and densities, businesses, services, and community assets such as parks, schools, and places of worship. Local facilities and services are to mostly be targeted towards the needs of local neighbourhoods.

According to section 2.6 of the UHOP, the 'neighbourhoods' designation encourages infill development, the redevelopment of commercial areas, and the provision of a broad range of commercial activities. Further, policy 2.6.5 recognizes that commercial uses may overtime evolve into a mixed-use form. These policies directly speak to Barton Street's evolution, and encourage a more flexible land-use than the current zoning by-law permits.

Policy 4.3 outlines a definition for ‘Pedestrian Predominant Streets’, which a section of the study area falls under. Between Sherman Avenue and Wellington Street, the UHOP encourages a vibrant mixture of retail and entertainment. This designation calls for a more comfortable pedestrian experience by encouraging widened sidewalks, outdoor cafes, attractive streetscapes and design excellence.

Under Schedule E-1 (Urban Land Use Designations), the study area is designated under ‘Mixed Use - Medium Density’. The intent of this designation is to permit a “full range of retail, service commercial, entertainment, and residential accommodation at a moderate scale” (Policy 4.6). Further, this designation recognizes that lands within this category are intended to evolve and intensify into mixed-use and pedestrian oriented areas, serving the local community through the provision of retail, and services. As community hubs, both day and night time activities are to be encouraged through encouraging residential intensification and promoting the use of transit (Policy 4.6.4).

Barton Street is designated as a ‘Minor Arterial Road’ under the UHOP Schedule C (Functional Road Classification). According to policy 4.5.2d, these roads ‘carry moderate volumes of intra-municipal and inter-regional traffic through the City in association with other types of roads’. Policy 4.5.2v supports the addition of bicycle lanes, and encourages the provision of sidewalks on both sides of the street. These policies are supportive of Barton Street continuing to be a pedestrian-oriented corridor.

## 6.2.2 ZONING BY-LAWS 6593 & 05-200

After the City of Hamilton amalgamated in 2001, staff set out to amalgamate the zoning by-laws of its six former municipalities in one coherent, consistent and less regulatory. In addition to pre-zoning certain areas in the City to accelerate the approvals process and facilitate investment, the new Comprehensive Zoning By-law 05-200 will provide simplified definitions for land-uses without being overly prescriptive (City of Hamilton, 2010a). The new Comprehensive Zoning By-law is not yet in effect along the Ward 3 Barton Street. Until then, Zoning By-Law 6593 remains in place. Enacted in

1950, this by-law designates the study area as a Community Shopping and Commercial with a maximum building height of four storeys. Where 3 metre side yards are provided, a height of up to eight storeys is permitted. Currently this legacy zoning contradicts the Urban Hamilton Official Plan's land-use directives in the area, and which has led to underutilization, suppressed redevelopment, and helped drive the trend of illegal conversions of commercial properties into residential uses. As the current zoning by-law restricts at-grade residential uses, market demands for affordable housing have been met with these illegal conversions.

### **6.3 ONTARIO'S MUNICIPAL PROPERTY TAX REBATE PROGRAM FOR VACANT INDUSTRIAL AND COMMERCIAL PROPERTIES**

Governed by *section 364 of the Municipal Act, 2001* (previously section 442.5 of the *Municipal Act*) and *Ontario Regulation 325/01*, the legislation stipulates that municipalities must provide tax reduction through rebates for eligible vacant units in commercial and industrial buildings. In recognition that vacant properties generate less revenue for landowners than occupied ones, the program was designed to alleviate financial burdens due to building repairs, renovations, and general economic hardships. Requirements for eligibility state that owners must submit applications for the program for each year that a building - or a portion of a building - is vacant for at least 90 consecutive days, not including new buildings that have never been occupied, seasonally used properties, and leased properties (Ministry of Finance, 2014).

The program mandates that rebates constitute 30% of property tax for commercial properties and 35% for eligible vacant space in industrial properties (MPAC, 2014). As the current provincially legislated commercial/industrial vacant property tax rebate program is available for an open-ended timeframe for a given property, long-term vacancies are essentially subsidized. To illustrate the financial implication of this program for taxpayers, in 2006, the cost associated with the rebate program was 30 million dollars from provincial education property tax revenues (Bird, Slack and Tassonyi, 2012, p 104).



In a more local context, in 2009 the City of Hamilton rebated about \$3.0 million dollars in property taxes for about 600 vacancy applications (City of Hamilton, 2010b). In neighbouring Toronto, approximately \$367 million dollars was rebated to landowners between 2002 and 2013 as a result of this program (City of Toronto, 2014). While the municipally administered rebate program for vacancies is designed to alleviate short term financial burdens, the encouragement of long-term vacancy can be prohibitive to the creation of new businesses in urban regions, and discourage owners of vacant properties from attaining tenants. Further, the loss of property tax revenues can prohibit improvements to municipal services and strain City resources.

To help create healthy business districts in the City, the Hamilton Chamber of Commerce and the Hamilton Association of Business Improvement Areas (HABIA) have been advocating for limiting the rebate eligibility time-frame to one year. As a result, municipal staff and officials have joined cities like Toronto and Ottawa in appealing to the Minister of Finance to amend provincial legislation pertaining to the program, with respect to limiting the eligibility time period for rebates. To date, efforts have been unsuccessful. Currently, the City of Hamilton provides the minimum vacancy rebate allowable by the Municipal Act 2001. Further, the City has employed optional tax policy tools allowable by the Municipal Act 2001 to eliminate tax incentives for undesirable property vacancies and to encourage development on vacant sites. In 1998 the City adopted the optional Parking Lot and Vacant Land property class, applying the same tax rate as the commercial class.

## **7.0 CURRENT STRATEGIES**

Despite the area's potential for fulfilling provincial and local directives for intensification and regeneration, the issue of landlord absenteeism along the Ward 3 section of Barton Street persists, hindering revitalization and driving negative perceptions about the neighbourhood. The multilayered nature of the problem has been recognized by City staff, which in turn have developed a host of strategies to mitigate the issue.

### **7.1 BY-LAW 10-260: HAMILTON'S VACANT BUILDING REGISTRY**

As discussed previously, section 364 of The Municipal Act, 2001 and *Ontario Regulation 325/01* stipulate that municipalities must provide a tax reduction of 30-35% through rebates for eligible vacant units in commercial and industrial buildings. This consequently decreases municipal tax revenues and can be perceived as a way of subsidizing undesired behaviour. To address the issue of vacant buildings in Hamilton, City staff and officials developed bylaw 10- 260; the Vacant Building Registry By-law. Pursuant to the Municipal Act, the by-law requires owners of vacant commercial, industrial and residential buildings to register them with the City's Municipal Law Enforcement (MLE) section on an annual basis. Expanding on Hamilton's Vacant Building Protocol, the by-law was designed as a proactive measure of preventing the further deterioration of vacant buildings through the enforcement of property standards. After a high-profile demolition of a neglected heritage theatre in the downtown core, the City had re-evaluated its Vacant Building Protocol and found several areas for improvement that were considered in the creation of by-law 10-260.

For instance, the previous complaint-driven system for enforcing the City's property standards meant that buildings were often only inspected at the point of obvious and extreme deterioration, meaning that long-standing unaddressed deficiencies were left unnoticed, thus reaching a state beyond repair. Further, while

unfulfilled orders of compliance were left registered on title, they were not actively enforced and were sometimes only being discovered upon ownership transfer.

When it was passed, by-law 10-260 mandated that owners of buildings vacant for 90 days or longer do the following:

- provide updated contact information to the City annually;
- erect a sign on the property with their contact information;
- pay a one-time \$246 administrative fee;
- pay an annual \$614 registration fee to cover the cost of additional MLE staff and resources;
- pay an additional \$300 per year for every additional vacant building on the same property;
- renew their registration every year that their building is vacant until it is occupied or demolished;
- submit floor-plans and inventories of toxic materials to the Fire Department;
- monitor their vacant buildings once every two weeks or more frequently as required by the City;
- submit reports on the condition of the building, as required by the City; and
- inspect (or enlist help with inspecting) the property at least once every two weeks.

The by-law stipulates that MLE Officers will be inspecting each vacant building at a minimum of four times a year and more when there are complaints reported of violations. Property owners will be expected to comply with regulations outlined in the Building Code Act, the Fire Protection and Prevention Act, Hamilton's Property Standards By-law 10-221, Yard Maintenance By-law 10-118, and the Snow and Ice By-law, 03-296 (City of Hamilton, 2015a). If a landowner is found to be in violation of a relevant law, they can be fined up to \$25,000, with up to \$100,000 for a corporation. The costs of any work done by the City to address health and safety violations can added to the tax rolls of landowners, with 15% interest compounded annually until the full balance is paid (City of Hamilton, 2015a). In 2012, the City collected \$419,000 in fees, paying for the full costs of administering and staffing the registry program (City of Brantford, 2014).

In 2009, prior to the adoption of by-law 10-260, 76 buildings were registered as vacant with the MLE. As of February 2015, 484 buildings are registered as vacant in Hamilton, with 24 of them existing along the Ward 3 section of Barton Street (City of Hamilton, 2015a).

On one hand, MLE staff members have reported that this approach had been successfully encouraging landowners to maintain their properties and to seek new tenants and uses for their buildings. Further, the message was sent to residents that the City was being more proactive about the issue and addressing the health and safety impacts of blight. The revenue generation from running the program was also an attractive feature of the program. However, certain challenges exist with the vacant building registry program in its current form. Some property owners have not been providing accurate contact information to the City, which makes it difficult for city staff to track them down in order to enforce by-law 10-260 regulations. Further, some landowners have been avoiding registering their vacant buildings with the MLE and paying for infractions by applying for Demolition Permits, which under the Building Code Act allow for six months to begin work on a property or a year to complete demolition (City of Hamilton, 2011).

The undesirable outcome of building demolition has further detracted from the vitality of streetscapes and resulted in the loss of some of Hamilton's attractive building stock. After the adoption of the Vacant Building Protocol in 2009, demolition was seen as one course of action chosen by landowners who could not afford to maintain their properties (City of Hamilton, 2009). Therefore the punitive nature of the Vacant Building Registry can be perceived as disproportionately impacting low-income landowners or those who otherwise do not have the capacity to maintain their properties.

Along Barton Street, where some of the City's poorest residents reside, absentee landlords need to be encouraged to use positive strategies to maintain their properties in order to avoid the loss of Hamilton's historic building stock to demolition-by-neglect strategies. With this in mind the City has been offering incentive packages to landowners along commercial corridors to alleviate the financial uncertainty of renovations and start-up costs on business-owners.

## **7.2 THE BARTON STREET - KENILWORTH AVENUE COMMERCIAL CORRIDOR STUDY**

In preparation for the 2015 Pan Am Games, the City of Hamilton issued a Request For Proposals seeking consultants to conduct a land-use study of portions of Barton Street and Kenilworth Avenue (Chin, 2013). Expecting an influx of visitors to the area's new Pan Am precinct, the City aimed to address the issues of derelict properties, vacancies, and the illegal conversions of at-grade storefronts to residential uses. The Planning Partnership was commissioned in July 2013, and released their final recommendations in September of 2014. Built on a series of community consultations and comprehensive studies of the area's context, recommendations were made regarding strategies for fostering redevelopment, implementing the Urban Hamilton Official Plan's directives, the appropriate proportion of allowable at-grade residential uses in the area, urban design guidelines, and engagement strategies with community members and absentee landlords, among many others. A number of these recommendations and findings were used and explored further in this paper.

## **7.3 DOWNTOWN AND COMMUNITY RENEWAL CIP (By-law 11-272)**

Under section 28 of the Planning Act 1990, municipalities can add provisions in their official plans for Community Improvement Project (CIP) areas. Implemented through by-laws, these provide the framework for achieving the municipality's priorities and planning policies within a delineated area or site, often focusing on economic development, streetscape improvements, and general downtown revitalization (City of Hamilton, 2014). Often, CIPs will outline financial incentives geared towards achieving local growth and renewal objectives.

Hamilton's Downtown and Community Renewal CIP fosters development activities that 'promote and enhance the physical, social and economic environments of Hamilton's downtowns, commercial business districts, mixed-use corridors and neighbourhoods targeted for renewal and revitalization' (City of Hamilton, 2014).

Through the provision of financial incentives such as grants, and loans, the CIP encourages the reuse and rehabilitation of lands, buildings and infrastructure within its designated boundaries.

The Ward 3 section of Barton Street is entirely included within the CIP, with the inclusion of the Barton Street BIA as the Barton Village Community Improvement Project Area (Appendix A), and with the rest of the area being included as a 'commercial corridor' from Sherman Avenue to Walter Avenue (Appendix B). Four notable programs exist within the CIP that are applicable to the site; the Hamilton Tax Increment Grant Program; the BIA Commercial Property Improvement Grant; the Commercial Façade Improvement Program; and the Commercial Corridor Housing Loan and Grant Program.

Appendix C summarizes the goals and eligibility of the programs, as outlined by the Downtown and Community Renewal CIP. While the City of Hamilton provides one of the most comprehensive suites of financial incentives in Canada, some limitations exist within the programs that make them inaccessible to landowners or authorized tenants facing cash-flow issues. For instance, some eligibility criteria call for the properties to be clear of tax arrears; an issue that is prevalent along Barton Street and is unlikely to be solved unless cash flow issues were mitigated somehow or if the property went through an tax sale first. Further, the programs largely require that eligible repairs and improvements be paid for up-front and then reimbursed by grants, again necessitating the availability of upfront equity investment. These limitations, among others, discourage landlords without the capital or ability to undertake improvements to the corridor, which stagnates investment and perpetuates negative perceptions about the area as blighted. Therefore, despite the progressive measures undertaken by the City to encourage owners of vacant properties to maintain and occupy them, Hamilton still has a considerable amount of vacant properties. In February of 2015, the City reported 484 vacant properties through its Vacant Building Registry. From this amount of vacancies, it can be surmised that other strategies will be necessary to incentivize the revitalization and occupation of under-utilized properties in Hamilton.

## **7.4 NON-FINANCIAL INCENTIVES**

In addition to financial incentives, other programs exist which work to alleviate issues of blight and vacancies. In 2010 Hamilton's City Council earmarked \$2 Million dollars for the development of neighbourhood/community strategies in 11 of Hamilton's target neighbourhoods. The strategies address social and economic challenges prevalent in the communities, and tap into Hamilton's strong neighbourhood cohesion to tackle complex localized issues such as high vacancies, blight and crime. Neighbourhoods are in turn able to work with city staff and external agencies to develop targeted, specialized solutions in line with their needs (Johnson et al, 2013).

Further, Hamilton has one of the oldest and largest beautification programs in North America; the Hamilton Trillium Awards Program. Since 1956, Hamilton's Public Works department has been partnering with volunteer judges to identify residents showing exemplary civic pride through the maintenance of their properties. Every year, residential and commercial properties are judged based on their curb appeal, landscape maintenance and landscape design, with awards given to both residential and commercial properties (City of Hamilton, 2015b).

## 8.0 DISCUSSION

Fulfilling the provincial and municipal directives for intensification has been challenging along the Ward 3 section of Barton Street, as existing levels of vacancies, neglect, and commercial blight have discouraged investment. However, recent community consultations have shown that the community has aspirations for the corridor, and largely wants to retain its commercial character. With the high prevalence of low-income residents who rely on illegally converted storefronts into residential uses, the City must develop mitigation strategies that are sensitive to this population, as to not have a disproportionate and disruptive impact on their wellbeing. Thus, Hamilton should aim to integrate nuisance abatement and regulation strategies with community-wide efforts such as the ones identified by communities through their neighbourhood action plans. For example, affordable housing, employment, and neighbourhood safety could be achieved through the stabilization of blighted properties, therefore where possible, financial incentives for rehabilitation should be leveraged to help landlords achieve such objectives.

Generally, regulatory measures such as vacant building registries and landlord licensing are seen as punitive, as they impact all landlords regardless of whether they are compliant with standards and/or by-laws. For instance, the issue of licensing landlords has been revisited often in the City of Hamilton due to the presence of student housing, vacant properties, and illegally converted commercial-to-residential housing. In 2011 the City launched a pilot landlord licensing system called 'Project Compliance', which underlined the vast numbers of zoning and building code infractions in the City's rental units (Xamin and Hazell, 2012). However, with backlash from various stakeholders, the program was not instated at the end of the pilot. This demonstrates the need for a greater focus on non-punitive measures that encourage landlords to maintain their properties and reward their efforts. While the City of Hamilton provides one of the richest suites of financial incentives for redevelopment, some limitations exist within programs applicable to Barton Street, which make them inaccessible to landlords



that are looking to make improvements to their properties, but do not have sufficient equity to make an up-front investment. Because cash-flows to owners of commercial properties is inconsistent and unreliable along Barton Street, instead of the fund-matching condition of the grant programs, perhaps front-ended incentives would help stimulate more overall investment. To maintain accountability and ensure that funds are going towards eligible work, the city could partner with local contractors and apply grant money directly to them, allowing landowners to save money that they could use on repairs that are ineligible for grants or loans.

Making landlords with repeat code violations ineligible for certain loans can prevent city money from subsidizing those with track records of speculative and exploitive behaviours. Alternately, tying incentives proportionately to good behaviours may be a good way to target limited municipal resources. For example, if properties owned by one landlord do not generate nuisance complaints, they could perhaps receive a discount on future building permit fees. Or, financial incentives such as front-ended loans or grants could be disbursed contingent on the successful completion of a landlord training program such as the one that exists in Troy, New York. Rewarding good behaviour and fining bad behaviour is one way to communicate to the landlord community that the City recognizes the difference between them, and that regulatory measures are targeted towards specific behaviour and are not simply additional fees to use for municipal operating budgets.

As some incentives are conditional on landlords hiring a contractor, where instead they could do work themselves for cheaper and maximize grant and loan funds for other uses. For example, the Commercial Property Improvement Grant Program and the Commercial Façade Property Improvement grant both require that licensed professionals are hired for door installation, the cleaning of exterior brickwork, for plastering and drywall. Concerns were raised during the public consultation sessions with the Planning Partnerships, where community members expressed their desires to be able to do more work themselves instead of having to pay for contractors, and still be eligible for financial assistance (The Planning Partnership, 2014a). Allowing landlords to

do this themselves with the condition that their work passes inspection will allow them to use grant funds for other needs.

Another regulatory issue that prohibits investment is that currently, Hamilton's new consolidated Urban Official Plan is not being implemented through its zoning by-law. This means that legacy zoning regulations that no longer serve the objectives of the City are potentially preventing intensification and revitalization efforts in the corridor. Thus, in recognition of the new pending commercial zoning along Barton Street, consideration must be given for applications that meet Provincial and OP directives despite not meeting current zoning regulations.

However, even if regulations were to be streamlined, the area still has one of the highest concentrations of vacancies in the City. One way of making vacant sites productive prior to securing long-term tenants is the implementation of temporary projects, such as 'pop-up' shops. For instance, property owners could make their vacant buildings available by registering them with the municipality, and in return approved business ventures would be able to be matched up with the property owners based on their business plans. Examples of these programs exist in Toronto. The Danforth East Community Association (DECA) has been running a pop-up store initiative since 2012 that matches temporary users with available vacant storefront properties along the East Danforth. Since its inception, 23 pop-up shops have been hosted along the Danforth with the support of landowners, community members, and real estate professionals (DECA, 2014). While these solutions will not solve the issue of functional blight outright, they will alleviate the derelict appearance of vacancies and provide support for business start-ups in the early years of operation, where business failure is most likely to occur (Fisher and Reuber, 2010). Also, interim commercial uses will help retain the commercial character of the corridor, which is a goal that has been often reiterated by community members (Buist, 2013c; The Planning Partnership, 2014a).

Ultimately, programs allowing pop-ups can be used in a more systematic way, as was repeatedly suggested by Hamilton officials in the past. Over the years, the role of arts and culture has been recognized in the development of strategies addressing Barton Street's decline. For example, in 1995, a strategy was proposed to implement an

artists village along Barton Street, involving the provision of numerous financial incentives targeted towards arts and culture. A Cultural Industry Fund; an Urban Land Trust, and Community Venture Loans were then made available to small and medium sized arts and cultured related businesses (Kendrick and Moore, 1995, 104; Hannah, 2012). The 2010 market analysis for commercial properties echoed the same sentiments, indicating that the provision of artist studios and work-live spaces has been reiterated by the City often, and was still relevant for investment (J.C. Williams Group, 2010). Considering the continually increasing success of arts and culture related businesses and ventures in Hamilton, and how this sector has brought revitalization to some of Hamilton's formerly neglected commercial corridors, perhaps the City could revisit their 1995 strategy and make Barton Street an attractive area for small to medium sized arts and culture related businesses. Incentives would be geared towards a geographical area along the corridor as a pilot project, and tailored to the needs of start-ups. Ultimately this will increase the attractiveness of the area and economy activity.

## 9.0 RECOMMENDATIONS

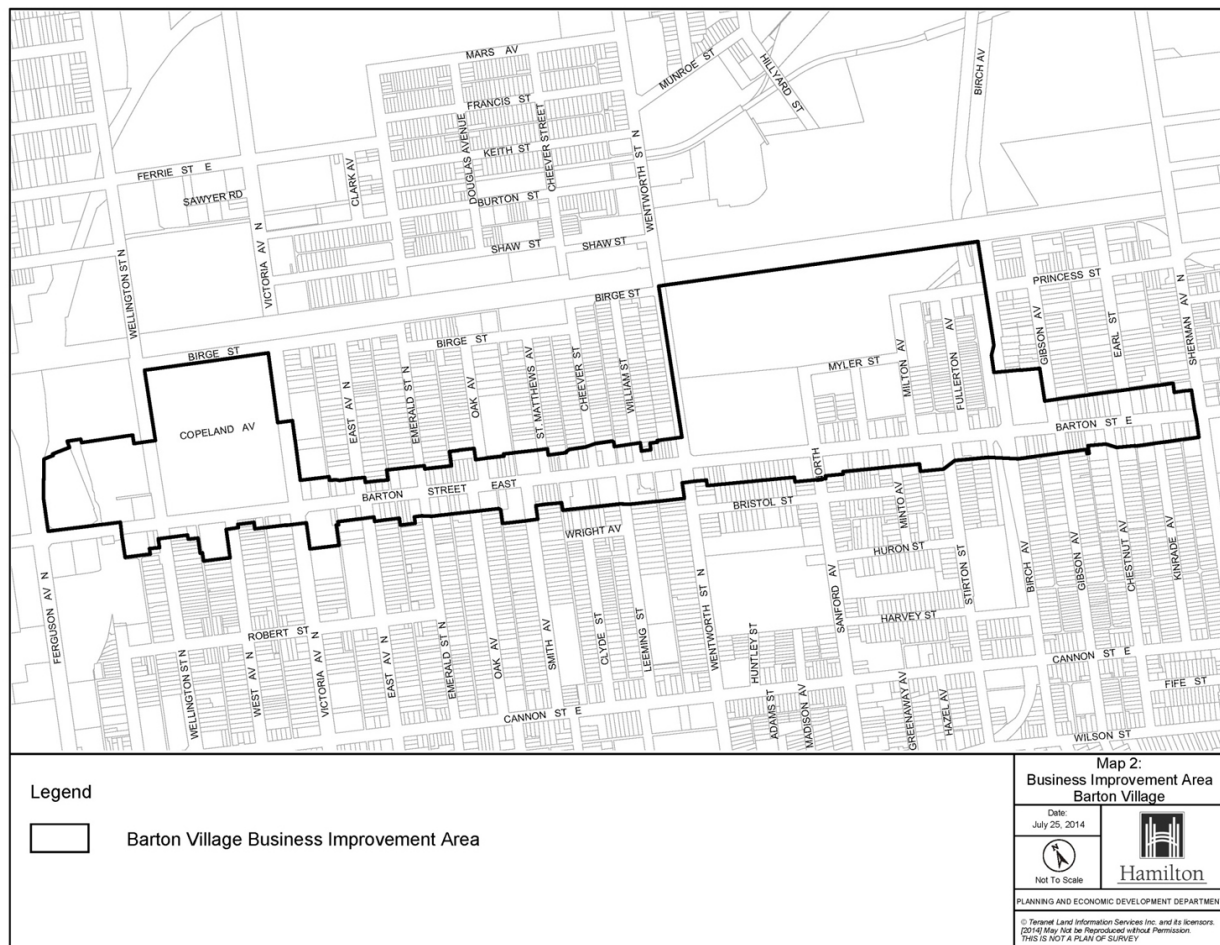
Given the research findings, a list of recommendations has been isolated to ultimately address the issue of landlord absenteeism along the Barton Street commercial corridor.

1. Anecdotal evidence demonstrates the reluctance of financial institutions to provide loans for redevelopment ventures in the area. The City should investigate this concern in a systematic way to determine the extent of the problem and impacts on willing investors.
2. Redevelop the Downtown and Community Renewal CIP incentives to allow landlords to maximize their grants/loans. For instance, allowing landlords to do more restoration work themselves, or disbursing grants in earlier stages of redevelopment will conserve their equity for other repairs/improvements.
3. The City should expedite the implementation of the new comprehensive zoning by-law's commercial zoning in line with OP directives. Until then, applications that meet OP objectives should be considered by municipal Planning staff in recognition of the forthcoming new commercial zoning.
4. The City should develop an informative training program for owners of rental properties (residential and commercial) that culminates in a pledge to maintain properties to regulatory codes. Financial incentives should be tied to participation, ensuring that informed landlords are rewarded for their positive contributions to their neighbourhoods.
5. Implement a Vacant Properties Coordinator, or another single point of contact, for landlords to be able to address regarding any questions about legal assistance, financial incentives, regulations, workshops, and any other applicable information.
6. Encourage landlords to put vacant properties into production by implementing interim uses such as 'pop-up' shops.

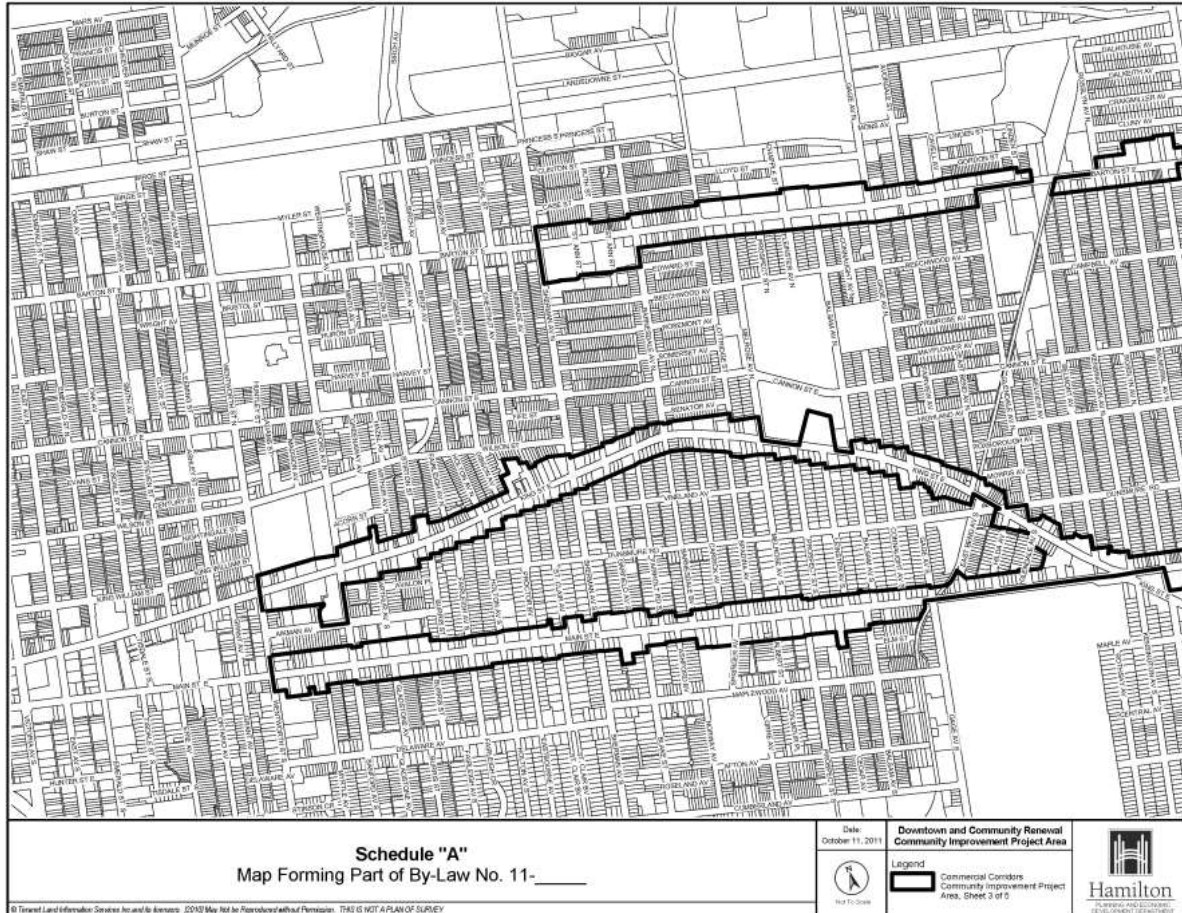
7. Continue and increase the prevalence of non-financial incentives like the Trillium Awards program, which rewards landlords for their property upkeep and allows them to lead by example.

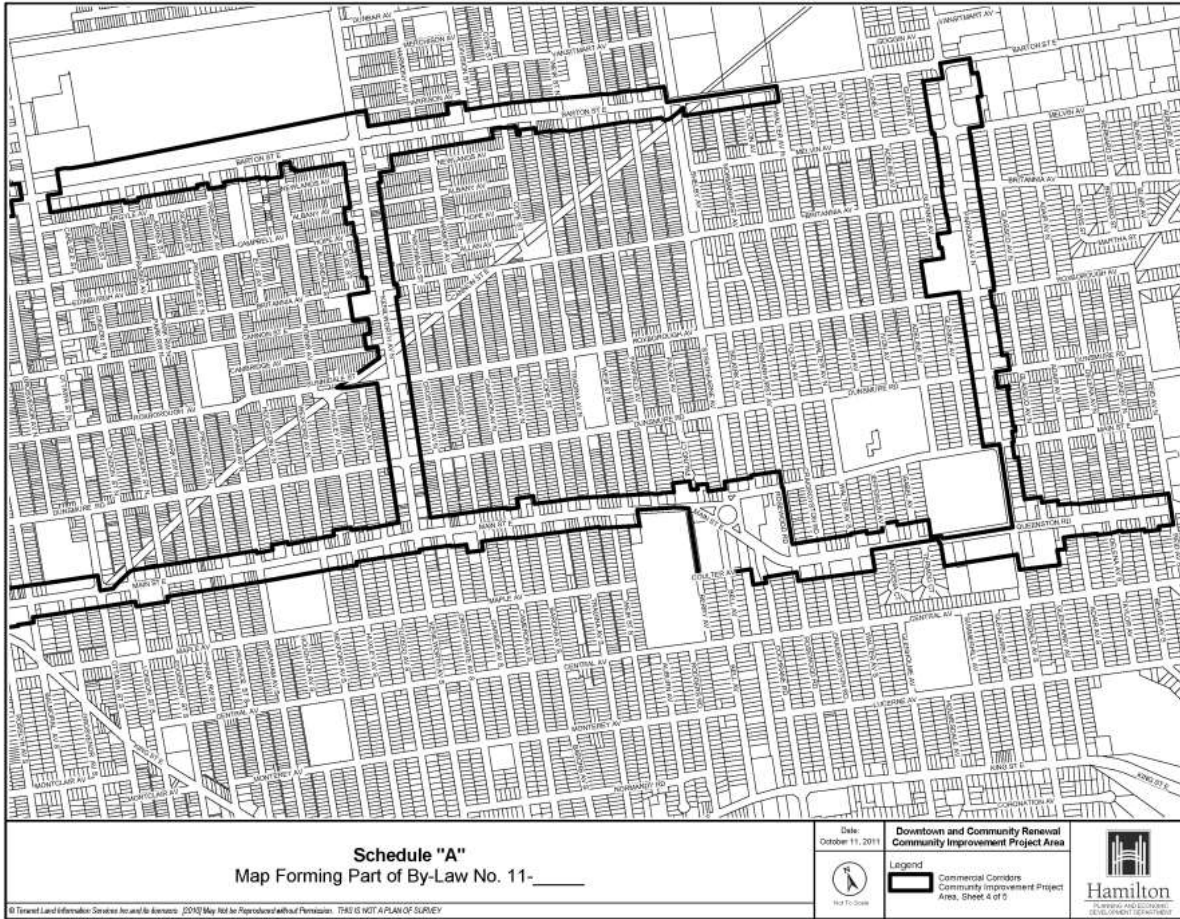
## 10.0 APPENDICES

### APPENDIX A: *Boundaries of the Barton Street BIA*



## Appendix B: Boundaries of the Barton Corridor eligible for CIP incentives







## ***Appendix C: Summary of applicable financial CIP programs as outlined in the Downtown and Community Renewal CIP 2014***

<b>Incentive</b>	<b>Function</b>	<b>Amount Given</b>	<b>Eligibility Criteria</b>
<i>Hamilton Tax Increment Grant Program</i>	This Program is targeted towards projects that include developing, redeveloping or renovating residential/commercial lands and buildings within Downtown Hamilton, Community Downtowns, BIAs and the commercial corridors along Barton Street, and along Kenilworth Avenue North as identified in the Downtown and Community Renewal CIP Area are eligible under the Program.	Subject to City Council Approval, each approved grant application receives a 5 year grant, the amount of which is subject to Council approval, in an amount not exceeding the increase in municipal realty taxes. The increase in municipal realty taxes (City portion only) will be based on either the year in which the building permit that initiated the development/redevelopment was issued or, for properties where the proposed development/redevelopment does not require a building permit, the year in which City Council approved the grant amount, and, the first year in which the property is reassessed. The grant shall be an amount which does not exceed 100% of the municipal realty tax increase during the first year, 80% in year 2, 60% in year 3, 40% in year 4, and 20% in year 5.	<b>The first-year of the grant is payable at the end of the first year of reassessment, post completion, of the redevelopment/development (if reassessment occurs May 1 the grant will be paid by April 30 of the following year)</b> For commercial projects, the first year of the grant is payable at the end of the first year of reassessment, post completion, of the redevelopment/ development regardless of the number of commercial units occupied (if reassessment occurs May 1 the grant will be paid by April 30 of the following year). For residential condominium projects, the first-year grant is payable by the end of the calendar year in which 75% of the residential condominium units within the project are fully assessed, and is calculated on a rateable per unit basis.  Application Cost: \$740
<i>BIA Commercial Property Improvement Grant</i>	This grant program is intended to provide financial assistance on a matching basis for commercial property owners/authorized tenants within active City-wide Business Improvement Areas as identified within the Downtown and Community Renewal CIP  This grant may only be used for eligible improvements for the purposes of commercial façade/internal improvements.	This program offers matching grants for external improvements to commercial properties. For properties that have a street-frontage greater than 25', the grant is based on \$400 per linear foot of frontage to a maximum of \$20,000. The maximum grant for properties with a street frontage of 25' or less is \$10,000. Corner properties or properties with at least one side exposed may be eligible for up to \$25,000. Artfully designed façade improvements or art pieces placed on private property that can be viewed by the public may be eligible for an additional \$10,000 matching grant. Architectural, design or engineering fees may be eligible up to \$1,500 as part of the total grant awarded for completed construction. Interior Improvements to display windows and entrance areas are eligible to an amount of \$2,500 of the total grant payable.  2 separate cost estimates of the work to be provided by a licensed contractor other than the owner The grant will be calculated based upon lowest cost estimate, and is not to address cost	Submit two independent contractor; one if applicant is owner of a contracting company; Completion of the proposed improvements to the satisfaction of the City; <b>Proof of payment of all invoices (copies stamped paid)</b> <b>Confirmation from the City that all taxes are paid current;</b> Compliance with all terms and conditions of the application procedure, inspection procedures and completion of work within the prescribed time frame that is generally one year from the acceptance and approval date of the application. <b>Most work requires the work of a licensed professional</b>  Application Cost: \$345

		increases or over runs.	
<i>Commercial Facade Improvement Program</i>	This Program aims to improve upon the physical appearance of properties, achieve quality façade improvements and, encourage investment within Downtown Hamilton, Community Downtowns and the commercial corridors along Barton Street, east of the Barton Village BIA, and along Kenilworth Avenue North as identified in the Downtown and Community Renewal CIP Area.	Two (2) separate cost estimates of the work to be provided by a licensed contractor other than the owner. Owner may present an estimate but is required to have at least two prepared by contractors. The grant will be calculated based upon lowest cost estimate, and is not to address cost increases or over runs. Maximum grant amount will be paid on a matching basis (50%-50%) to a maximum of \$10,000 per property for eligible work under the Program. As a further incentive for corner properties, the City will increase the maximum grant amount to \$12,500 on a similar matching basis for eligible work under the Program to recognize the importance of flankage facades.	Submit two independent contractor; one if applicant is owner of a contracting company; Completion of the proposed improvements to the satisfaction of the City; <b>Proof of payment of all invoices (copies stamped paid)</b> <b>Confirmation from the City that all taxes are paid current;</b> Compliance with all terms and conditions of the application procedure, inspection procedures and completion of work within the prescribed time frame that is generally one year from the acceptance and approval date of the application. Proposed improvements to be completed within one year to be eligible for payment. A one year extension can be authorized by the Manager of Urban Renewal. Applications under the Program will be accepted to the end of December 2014 in Downtown Hamilton and April 1, 2016 in all other eligible areas (subject to the availability of funding). Improvements funded under the Program must be completed no later than August 1, 2015 in Downtown Hamilton and December 31, 2016 in all other eligible areas.  Application Cost: \$215
<i>The Commercial Corridor Housing Loan and Grant Program</i>	The program provides financial assistance for converting existing built commercial space into residential units or renovations to existing residential units. It also provides assistance for the costs of creating new residential units via building additions and new construction on vacant land and parking lots. Preference will be given to buildings with direct frontage on a main street.	The maximum loan amount is \$15,000 per dwelling unit to a maximum of \$600,000 per property. A minimum of 50% of the loan per unit must be spent on developing/renovating the unit. The remaining 50% can cover the cost of common elements of the property, such as roofing, HVAC, central air conditioning, fire escapes, foundations, furnaces and entranceways. The maximum loan term is five years and six months from the date of the final advance exclusive of holdback. The loan interest rate will be at 0 % interest for the first five years. For the last six months of the loan, interest shall be payable on the principal outstanding at the then prevailing rate established by Council for interest on tax arrears. In addition to the loan, the program has a grant portion of \$5,000 per application for professional fees.	The grant portion is allocated to professional fees only upon presentation of paid receipts to the City's satisfaction. <b>The Program will not fund improvements including roofing, electrical, fascia, eaves trough, in isolation of internal work on dwelling units.</b> Redevelopment/development will commence no longer than one-year following the date the loan is approved by the General Manager of the Planning and Economic Development Department or the loan/grant will be cancelled. The one year period may be extended at the discretion of the General Manager of the Planning and Economic Development Department. The deadline for 60% completion of the proposed redevelopment/development will be subject to a date established through consultation with the applicant.  Application Cost: \$280

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