



Hamilton
City of Hamilton

DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE

Meeting #: 18-002
Date: June 14, 2018
Time: 10:00 a.m.
Location: Room 264, 2nd Floor, City Hall
71 Main Street West

Ida Bedioui, Legislative Coordinator (905) 546-2424 ext. 4605

	Pages
1. APPROVAL OF AGENDA (Added Items, if applicable, will be noted with *)	
2. DECLARATIONS OF INTEREST	
3. APPROVAL OF MINUTES OF PREVIOUS MEETING	
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4. PRESENTATIONS	
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5.1 2019 Development Charges By-law Policy (FCS18062) (City Wide)	24
6. GENERAL INFORMATION / OTHER BUSINESS	
7. ADJOURNMENT	



**DEVELOPMENT CHARGES STAKEHOLDERS
SUB-COMMITTEE**

MINUTES 18-001

Thursday, March 1, 2018

10:00 a.m.

Room 830

Hamilton City Hall

71 Main Street West

Present: Councillors J. Farr (Chair), D. Conley (Vice-Chair), M. Pearson, and J. Partridge
V. Webster, S. Mammel, and J. Summers

**Absent with
Regrets:** Councillor B. Johnson – City Business
Y. Rozenszajn, H. Saeed, personal

**THE FOLLOWING ITEMS WERE REFERRED TO THE GENERAL ISSUES
COMMITTEE FOR CONSIDERATION:**

1. Election of Chair and Vice Chair

(Partridge/Conley)

- (a) That Councillor Jason Farr be appointed Chair of the Development Charges Stakeholders Sub-Committee for 2018.

CARRIED

(Partridge/Pearson)

- (b) That Councillor Doug Conley be appointed Vice-Chair of the Development Charges Stakeholders Sub-Committee for 2018.

CARRIED

FOR THE INFORMATION OF THE COMMITTEE:

(a) Introductions (Item 1)

Brian McMullen, Director of Financial Planning, Administration and Policy addressed Committee and provided some background information. Members of the Sub-Committee, staff and members of the public who were in attendance introduced themselves.

(b) APPROVAL OF THE AGENDA (Item 3)

The Committee Clerk advised that there were no changes to the agenda.

(Conley/Pearson)

That the agenda be approved, as presented.

CARRIED

(c) DECLARATIONS OF INTEREST (Item 4)

There were no declarations of interest.

(d) PRESENTATIONS (Item 5)

(i) 2019 Development Charges Study – Overview (Item 5.1)

Nancy Neale from Watson & Associates Economists Limited, the City's Consultant, addressed Committee with the aid of a PowerPoint presentation. Copies of the slides were printed in the agenda and are available for viewing on the City's website.

(Pearson/Partridge)

That the consultant's presentation be received.

CARRIED

(ii) 2019 Development Charges Study – Area Specific Charges (Item 5.2)

Lindsay Gillies, Senior Financial Analyst, addressed Committee with the aid of a PowerPoint presentation. Copies of the slides were printed in the agenda and are available for viewing on the City's website. Larger coloured copies of the maps in slides 7 and 9 were distributed to provide better clarity.

(Pearson/Conley)

That the staff presentation be received.

CARRIED

(Conley/Pearson)

- (a) That the principles of the approach recommended by staff to implement area rating only for storm water services between the combined and separated systems, be endorsed;
- (b) That, with the exception of transit which will be revisited this summer, the principle that no other service be area rated, be endorsed;
- (c) That a standard Citywide Development Charge rate also be calculated for comparison throughout the process.

CARRIED

(e) ADJOURNMENT (Item 7)

(Pearson/Conley)

That, there being no further business, the Development Charges Stakeholders Sub-Committee, be adjourned at 11:52 a.m.

CARRIED

Respectfully submitted,

Councillor J. Farr, Chair
Development Charges
Stakeholders Sub-Committee

Ida Bedioui
Legislative Co-ordinator
Office of the City Clerk



Presentation
Date: 14/06/2018

2019 DEVELOPMENT CHARGES - UPDATE

DEVELOPMENT CHARGES STAKEHOLDERS SUB-
COMMITTEE

LINDSAY GILLIES, JOE SPILER AND WATSON & ASSOCIATES LTD.



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AGENDA

- Growth Forecast
- Census data – stacked vs back-to-back units
- Quick update re: 2014 By-law amendments
- Incentive Review
- Recommended Policy Changes for 2019 By-law
- Schedule Check-in and next steps
- Lame Duck considerations



GROWTH FORECAST

Year	Population ¹	Employment	Housing Units	Persons Per Unit ²
Mid-2006	523,500	221,600	194,500	2.595
Mid-2011	539,500	219,200	203,800	2.551
Mid-2016	557,100	232,500	211,600	2.537
Early-2019	571,400	239,100	217,700	2.530
Early-2029	638,000	285,100	250,700	2.453
Mid-2031 ³	660,000	300,000	260,200	2.445

¹ Population includes a Census undercount estimated at approximately 3.7%.

² Based on population excluding Census undercount.

³ 2031 population and employment figures based on 2006 Growth Plan 2031A Targets

GROWTH FORECAST

Forecast Population and Housing Growth	10 Year (Early 2019 – Early 2029)	12 Year (Early 2019 – Mid 2031)
Net Population Increase ¹	66,600	88,600
Total Residential Unit Increase	33,000	42,500
Low Density ²	13,140	16,650
Medium Density ³	10,050	12,900
High Density ⁴	9,800	12,950

¹ Includes an estimated Census undercount of approximately 3.7%

² Singles and semi-detached

³ Townhouses

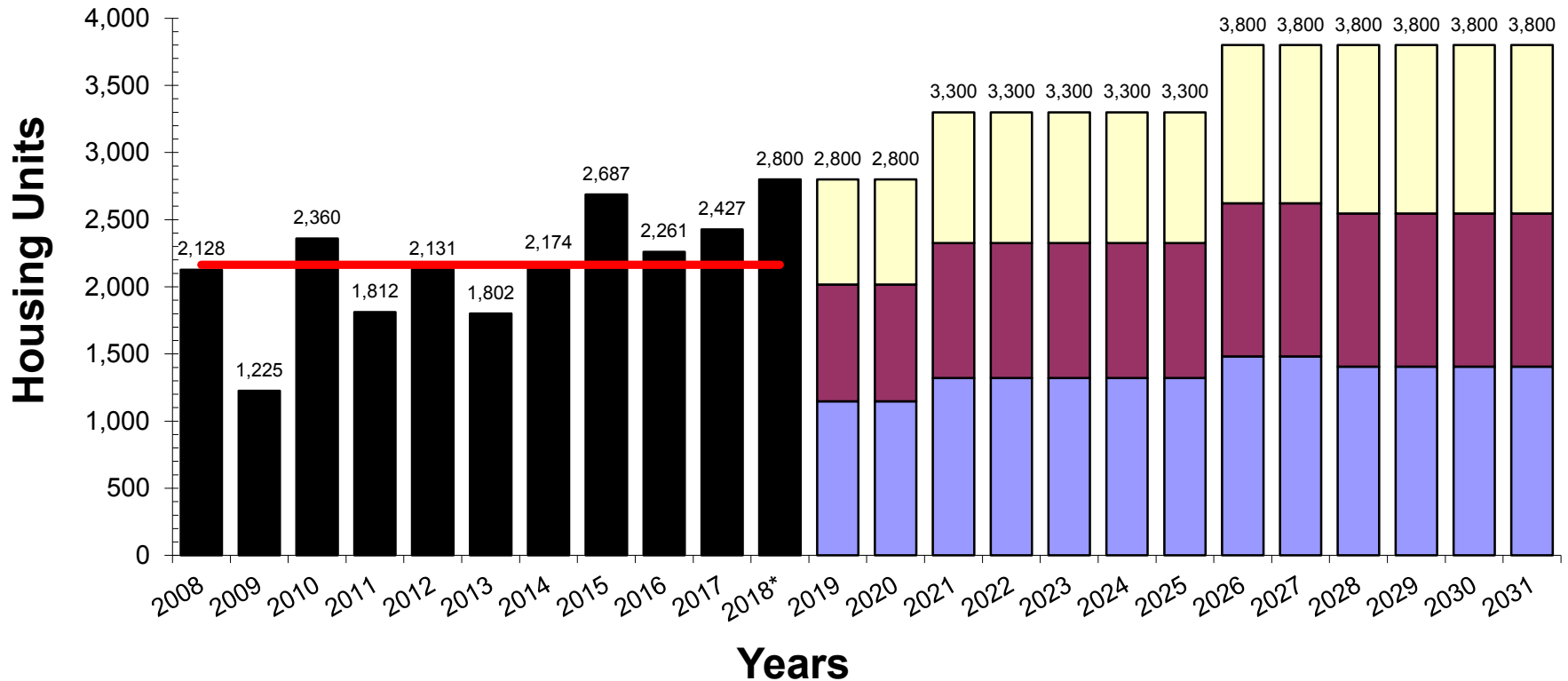
⁴ Apartments

Note: Numbers may not add up due to rounding.



GROWTH FORECAST

Annual Housing Forecast



Historical
 Low Density
 Medium Density
 High Density
 Historical Average

* 2018 is a Watson & Associates Economists Ltd. estimate based on City of Hamilton building permit data from January to April 2018.

June 14, 2018

Development Charges Stakeholder's Sub-Committee Presentation

GROWTH FORECAST

Forecast Employment Growth by Sector	10 Year (Early 2019 – Early 2029)	12 Year (Early 2019 – Mid 2031)
Primary	200	235
Work at Home	2,945	3,250
Industrial	12,080	16,950
Commercial/Population-Related	16,920	22,770
Institutional	9,535	12,185
No Fixed Place of Work	4,360	5,530
Total Employment Increase	46,035	60,920

Note: Numbers may not add up due to rounding.

GROWTH FORECAST

Forecast Non-Residential Gross Floor Area Increase (G.F.A. ft ²)	10 Year (Early 2019 – Early 2029)	12 Year (Early 2019 – Mid 2031)
Industrial	14,497,000	20,336,000
Commercial/Population-Related	7,613,000	10,247,000
Institutional	6,674,000	8,528,000
Total Non-Residential Gross Floor Area Increase (G.F.A. ft²)	28,784,000	39,111,000

Note: Numbers may not add up due to rounding.

GROWTH FORECAST

- Key Observations:
 - Annual housing growth through 2031 forecast to be higher than historical trends.
 - Housing development activity expected to continue to shift to a greater share of medium and high density units.
 - Average housing occupancy levels (persons per unit) expected to continue to decline through 2031 due to aging of the population.
 - Hamilton is expected to experience relatively strong employment growth over the forecast period across a broad range of sectors.



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CENSUS DATA – HOUSING DEFINITION

Medium Density

- Townhouses
- Back-to-back townhouses
- Apartments in Duplex



Vertical division



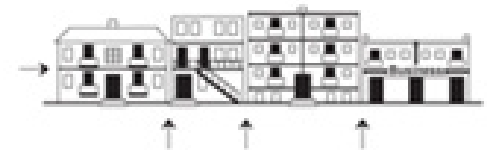
Horizontal divisions

High Density

- Apartment less than five storeys
- Apartments greater than five storeys
- Stacked townhomes



Horizontal and vertical divisions



Horizontal and vertical divisions



AMENDMENTS TO THE 2014 DC BY-LAW

Industrial Expansion Policy Amendment

- Background Study to AF&A on May 7, 2018
- July 11 AF&A planned as the Public Meeting
- July 13 Council could pass the amendment
- July 16 the amendment could be effective

Easing of Province-mandated 50% expansion exemption limitation. Expansion credit can be re-used for all buildings that have achieved occupancy status at time of new building permit.



AMENDMENTS TO THE 2014 DC BY-LAW

CIPA Height Amendment

- Background Study to AF&A on June 11, 2018
- August 15 AF&A planned as the Public Meeting
- August 17 Council could pass the amendment
- August 20 the amendment could be effective

Limits the Downtown Hamilton CIPA DC Exemption to the heights in the recently approved Downtown Secondary Plan



INCENTIVE REVIEW

A third party, independent incentive review is being initiated by the Customer Service group. The review will look at the existing DC incentives and the City's Strategic Goals and the economic climate and make recommendations on what exemptions are necessary and what can be scaled back or should be added.

Engage – July 2018

Recommendation Report – Jan 2019



RECOMMENDED POLICY CHANGES FOR 2019 DC BY-LAW (FCS18062) - CIPA

Reduce the Downtown Hamilton CIPA Exemption to 50% effective July 6, 2019 and reduce 10% annually thereafter - subject to change depending on the recommendations of the third party incentive review.

(The CIPA exemption is 70%, July 6, 2018 – July 5, 2019)

- Supported by City's Ec Dev section
- Council approval now will eliminate the need to phase-in the change with the approval of the 2019 DC By-law

RECOMMENDED POLICY CHANGES FOR 2019 DC BY-LAW (FCS18062) - TRANSITION POLICY



Remove the transition policy from the DC By-law

The transition policy allows a developer to access the 'old rate' if the building permit is applied for before the annual indexing and the permit is issued within 6 months of the annual indexing.



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SCHEDULE CHECK-IN

- DC data collection is well underway
- Local Service Policy is being updated
- Goal is to have a draft background study and draft DC quantum's for internal / key stakeholder review by August
- Public Background Study release Dec 2018 / Jan 2019

Note that the DC by-law draft (policy/exemption) does not have to be released until two weeks prior to the first public meeting (later than the background study)



DC TIMING

Description	2018												2019						
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
Development Charge Study																			
Consultation to provide DC Overview, Changes in Legislation, DC Schedule, Area Rating Options, etc. to:																			
- SLT (February 15, 2018)																			
- Stakeholders (March 1, 2018)																			
- Council via AF&A (March 26, 2018)																			
Draft Growth Forecast																			
Services (excluding Water, Wastewater, Stormwater & Transportation)																			
- Historic Service Standard Information																			
- Capital Infrastructure Requirements																			
- Review Meetings to confirm all data with staff																			
Services - Water, Wastewater, Stormwater, Transportation & Transit: Staff & Consultants to update list of capital infrastructure requirements																			
Capital Costs for WWWW, SWM, TMP & Transit to be confirmed																			
Local Servicing Policy Update																			
By-law Policy Review/Update																			
Draft Background Study (Internal Review)																			
60 Day Public Review of DC Background Study																			
2019 DC By-law Passage																			
Expiry of 2014 DC By-law (July 6, 2019)																			
DC Stakeholder Sub-Committee Consultation																			

Reminder: A DC Background study incorporating the 2041 population and capital forecasts will be sought to be initiated once sufficient data and progress has been achieved on the related masterplans, before the standard five year DC By-law term.



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NEXT STEPS – FUTURE DC STAKEHOLDER MEETINGS

July 5, 2018

Service Standards & Local Service Policy

August 2, 2018

Capital Forecasts & Draft DC Quantum ***

September 13, 2018

Incentive Review Check-in and Policy Items (agriculture, affordable housing, live/works, accessory dwellings, etc.)

*** In past have reviewed the project lists with the HHHBA once this level of data is available in draft. Need to confirm Council support, representatives and timing of meetings.



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LAME DUCK CONSIDERATIONS

Draft DC Quantum and HHHBA process

If the City is in a lame duck situation the draft DC quantum and capital lists will not have been presented to DC Stakeholder's subcommittee. The draft service standards will have been presented.

Staff is seeking support to continue with the HHHBA review process and be ready to release the DC Background Study in December 2018 / January 2019 not including a draft DC by-law (Policy).

The draft DC By-law (Policy) will be held back until after the first DC Stakeholder's subcommittee meeting with the new Council.



Thank You!

Presentation
Date: 14/06/2018

2019 DEVELOPMENT CHARGES - UPDATE

DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE

LINDSAY GILLIES, JOE SPILER AND WATSON & ASSOCIATES LTD.



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Development Charges Stakeholder Sub-Committee
COMMITTEE DATE:	June 14, 2018
SUBJECT/REPORT NO:	2019 Development Charges By-law Policy (FCS18062) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Lindsay Gillies (905) 546-2424 Ext. 2790
SUBMITTED BY:	Brian McMullen Director of Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the Downtown Hamilton Community Improvement Project Area Development Charge Exemption be set at 50% effective July 6, 2019 and be reduced 10 basis points annually thereafter, subject to the results of the independent incentive review;
- (b) That the annual indexing transition policy, Section 37 of By-law 14-153, not be included in the 2019 Development Charges By-law;
- (c) That the 2019 Development Charge By-law not contain phasing provisions for the specific policy changes in Recommendations (a) and (b) Report FCS18062.

EXECUTIVE SUMMARY

Staff is currently undertaking the 2019 Development Charge (DC) Background Study. The background study will calculate the DC per unit of residential and non-residential growth required to fund the City's capital requirements due to growth according to the terms permitted in the *Development Charges Act, 1997, as amended* (DC Act).

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

The City's DC By-law has always provided exemptions from the calculated DC in addition to the DC Act mandated exemptions for specific types of development. An incentive review is in progress to provide a third party, independent review of the existing incentives and their effectiveness in moving the City towards its vision and strategic goals. This review is anticipated to be completed towards the end of 2018 which provides sufficient time to incorporate the results into the 2019 DC By-law Policy. However, there are some policies, specifically the Downtown Hamilton Community Improvement Project Area (CIPA) DC Exemption, that require more notice than the independent review will be able to provide.

This Report intends to obtain direction on the future of the Downtown Hamilton CIPA DC Exemption and the annual indexing transition policy.

The Downtown Hamilton CIPA DC Exemption is an exemption that has been provided to encourage development in the Downtown Hamilton core. The current DC By-law provides annual reductions of five basis points. At the July 5, 2019 expiry of the current DC By-law, the exemption will be 70%. In order to allow developers to plan proposals and alleviate some of the uncertainty in the future, it is prudent to communicate the City's plan for the Downtown Hamilton CIPA DC exemption. Due to increases in development and unit sales prices over the past several years, staff is proposing that the Downtown Hamilton CIPA DC Exemption be set at 50% effective July 6, 2019 with an annual reduction of 10 basis points thereafter.

Staff is also recommending removing the annual indexing transition policy contained in Section 37 of the current DC By-law 14-153 which allows some building permits to pay the previous year's DC rates. The transition policy is unique to Hamilton and places an added pressure on the tax and rate payers.

Due to the length of notice being provided with the DC By-law Policy changes contained in Report FCS18062, staff is recommending that no phase-in of the changes be considered. A phase-in of significant changes has been provided in the past with the rationale that developers need time to adjust budgets, pro-forma financial statements and business plans for significant changes.

Alternatives for Consideration – See Page 9

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The recommendations in this Report do not have an immediate financial impact on the City.

The purpose of the Report is to provide advance notice of potential DC policy changes so that the development community can prepare for the changes.

Through the 2019 DC Background Study and independent review of DC exemptions, staff will prepare a financial strategy to fund all DC exemptions. The five year (2013 to 2017) total of unfunded DC exemptions, including the Downtown Hamilton CIPA DC exemptions, is \$66.5M.

The CIPA DC Exemption is provided to encourage development in the downtown. As the frequency of development proposals and building permit issuances increases in the Downtown CIPA, the cost to the City of providing the exemption also increases if the reduction does not keep pace.

The annual transition policy provides a reduced rate to developers who have applied for building permits prior to the annual indexation, places an added pressure on tax and rate payers and is unique to Hamilton.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

Downtown Hamilton CIPA DC Exemption History

- The Downtown Hamilton CIPA was initially 100% exempted with the first post amalgamation DC By-Law (2004).
- In August 2008, the 100% exemption was maintained when the DC By-Law was updated following Council’s endorsement of expanded CIPA borders.
- In February 2012, through Report FCS12015, the DC By-law was once again updated for a Council approved expansion to the CIPA borders and the DC exemption was decreased from 100% to 90%.
- In June 2014, through Report FCS14033, DC By-law 14-153 was passed and included the following:

Downtown Hamilton Community Improvement Project Area (CIPA) Exemption

Date	Percentage of Exemption (%)	Percentage of Development Charge Payable (%)
July 6, 2014 to July 5, 2015	90	10
July 6, 2015 to July 5, 2016	85	15
July 6, 2016 to July 5, 2017	80	20
July 6, 2017 to July 5, 2018	75	25
July 6, 2018 to July 6, 2019	70	30

- In June 2018, Council will consider releasing a DC Background Study that would limit the Downtown Hamilton CIPA DC Exemption to the maximum heights in the City's Downtown Hamilton Secondary Plan adopted by Council on May 9, 2018.

Annual Indexing Transition Policy History

The current DC By-law contains a transition policy related to the annual indexation of DCs (Section 37) as well as a transition policy for development with site plans that have been approved prior to May 1 in the year of the new By-law (Section 38).

Staff's recommendation is limited to the annual indexation transition (Section 37).

The annual indexation transition policy has been included in the DC By-law since amalgamation. The concept of a transition period with the annual indexation of the DC is relatively unique to Hamilton.

Other Policy

The following motions related to the DC Policy have also been put forward and will be addressed in a future report.

Agriculture:

May 25, 2016 Planning Committee, Item 9.1

- (a) That staff be directed to revise the City's Development Charge (DC) By-law regarding Agricultural DC Exemptions at the next opportunity (currently forecast to be fourth quarter of 2016) and report to the Audit, Finance and Administration Committee;
- (b) That staff revise the Agricultural Use Definition in the City's DC By-law so that a "Farm Business Registration Number" will be required by the property owner in order for a proposed development to be eligible for an agricultural use designation.

Affordable Housing:

May 23, 2018 Audit Finance and Administration Committee, Item 6.2

That staff be directed to include affordable housing in the Development Charges Policy review.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendations of Report FCS18062 provide the community with the City’s intent to amend DC policy to be contained within the 2019 DC By-law.

Legislatively, a DC by-law must contain an express statement of any exemptions to be provided and a draft DC by-law must be released two weeks prior to its passing.

RELEVANT CONSULTATION

Economic Development, Planning and Economic Development Department

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

Downtown Hamilton CIPA DC Exemption

Staff is recommending that Council endorse a change to the CIPA DC Exemption a year in advance of the new DC By-law being effective in order to provide developers with existing projects time to plan for the change and provide a sense of what new development applications in the CIPA they can expect in July 2019 and beyond.

Table 1 illustrates the current Downtown Hamilton CIPA DC Exemption rates and the recommended future rates based on the approval of Recommendation (a) of Report FCS18062.

Table 1 – Current and Recommended CIPA DC Exemption

Period	% of Exemption	% DC Payable
Current		
July 6, 2017 – July 5, 2019	75	25
July 6, 2018 – July 5, 2019	70	30
Recommended		
July 6, 2019 – July 5, 2020	50	50
July 6, 2020 – July 5, 2021	40	60
July 6, 2021 – July 5, 2022	30	70
July 6, 2022 – July 5, 2023	20	80
July 6, 2023 – July 5, 2024	10	90
July 6, 2024 and future	0	100

The Downtown Hamilton CIPA DC Exemption commenced an annual 5% reduction in 2015. Table 2 shows that even with a reduction in the exemption, an increase in development has increased the cost of providing the exemption year over year.

Table 2 – History of Downtown Hamilton CIPA Development

Year	# of Dwellings	# of Non-Res (Sq.Ft.)	Value of DC Exemption
2015	165	1,721	\$1,118,464
2016	325	8,084	\$4,891,965
2017	359	217,395	\$5,820,647

The market justification to reduce the exemption, provided by Planning and Economic Development, comes from evidence which shows that increased demand and the resultant increased multi-residential unit prices in the downtown have partially offset the need for the DC exemption. This trend suggests that the City can begin to reduce its incentive / subsidy for the downtown CIPA. Specifically, condominium sales have greatly increased over recent years, both in numbers of starts and the prices achieved. In 2011, the average selling price for the very few condos on the market was below \$300 per square foot. In 2015, the units were achieving prices of around \$400+ per square foot. Currently, the units are achieving prices of around \$500 per square foot. Although these prices are still far below Toronto prices (as are the development cost parameters), there is an increased ability for developers to earn a fair rate of return on their investment with a reduced DC exemption. There is also the recurring issue of fairness to other developers who are just outside of the CIPA boundaries and receive no DC exemption.

Residential unit assessments in the Downtown Hamilton CIPA will vary depending on the unit size and other factors. For information, a residential condo unit in the Downtown Hamilton CIPA assessed at \$300,000 will pay \$3,276 in municipal property taxes in 2018. A unit assessed at \$500,000 will pay \$5,460 in municipal property taxes in 2018. Apartment units realize a significantly smaller increase in property taxes.

Financially, the reduction in the DC exemption reduces the foregone DC revenues and consequential pressure on the property tax and rate payers to fund the exemptions by holding the developers responsible for a greater share of the DCs.

A balance needs to be met between encouraging development in the Downtown Hamilton CIPA and the cost of providing that incentive on the existing tax and rate payers. The recommended 10% annual reduction in the Downtown Hamilton CIPA DC Exemption recognizes that development is increasing in the CIPA and plans for a controlled phasing out of the exemption.

With the 2014 DC Background study, the reduction in the Downtown Hamilton CIPA DC Exemption was delayed one year from the implementation date of By-Law 14-153 in order to provide the developers with advance notice of the change and to allow developers to plan for the resultant increase in fees. Due to the advance notice being provided for the intended change in the 2019 DC By-law, staff is recommending that no phase-in of the change be considered.

An independent incentive review is underway. Any recommendations that arise out of this review will be considered in the final policy included in the 2019 DC By-law. Should the review suggest that the Downtown Hamilton CIPA DC Exemption cannot be reduced to 50%, then staff will support and recommend the independent review recommendation. Should the review suggest that the exemption can be set at a lower percentage, then staff will bring the recommendation to Council and explore phasing options, if appropriate, depending on the magnitude of the difference.

Annual Indexing Transition Policy

Sections 37 and 38 of DC By-law 14-153 provided below are the transition policies.

37. The development charge rates payable are the rates in effect on the date a complete building permit application is received and accepted by the City's Chief Building Official, provided that the permit is issued within 6 months of the effective date of a development charge rate increase. Where the said building permit is lawfully revoked by the Chief Building Official on or after the date of the said development charge rate increase, any subsequent application for a building permit on the lands or site will be subject to the development charge rate in effect on the date of building permit issuance. For the purposes of this Section, a "complete application" shall mean an application with all required information and plans provided, all application fees paid and all prior charges and taxes relating to the subject land paid and discharged.
38. Where a complete application for site plan approval pursuant to City of Hamilton By-law 03-294, as amended, or any successor thereto, has been received by the City prior to May 1, 2014, and no building permit in relation thereto has been issued prior to July 06, 2014, the development charge payable upon the issuance of the building permit or permits issued in relation to said approved site plan shall be the applicable development charge as of July 5, 2014, provided that:
 - (a) any building permit required in relation to the said approval has been issued prior to January 6, 2015; and
 - (b) construction has commenced thereafter within six (6) months of the date of issuance of the said building permit or permits, such construction to be deemed to have commenced when all footings and foundations have been completed.

For the purposes of this Section 38, a "complete site plan application" means an application in compliance with the requirements of the City as set out in the document entitled "City of Hamilton Submission Requirements and Application Form for Site Plan Control" dated January 01, 2004, or any successor thereto, as the same may be amended from time to time, together with all applicable fees.

The staff recommendation is limited to Section 37. Staff is not making a recommendation on Section 38 at this time because unlike Section 37, it is effectively a phase-in policy that is more appropriately addressed alongside any other phase-in discussions.

Staff is recommending removing the annual indexing transition in Section 37 of DC By-law 14-153. The reason staff is recommending removal of this exemption is because it is not a targeted exemption, it is not a common practice and it is a burden on the tax and rate payers.

In 2018, the annual indexing transition policy will cost the City \$1,149 per single family dwelling and \$0.60 per square foot of non-residential space. In 2017, the annual indexing transition policy cost the City \$533,585.

Table 3
Other Municipalities and Date of DC Calculation

Municipality	DC Calculated as at date of:
Brantford	permit issuance
Burlington	permit issuance
Cambridge	permit issuance
County of Brant	permit issuance
Guelph	permit issuance
London	permit application
Milton	permit issuance
Niagara Falls	permit issuance
Niagara Region	permit issuance
Oakville	permit issuance
Ottawa	permit issuance
Oxford County	permit issuance
Vaughn	permit issuance
Welland	permit application provided the permit is issued by March 1 (indexing on January 1)
West Lincoln	permit issuance
Woodstock	permit issuance
York	permit issuance

Table 3 shows other municipalities and the calculation date identified in their by-laws for payments linked to building permits. Note that some municipalities have partial payments due at subdivision agreement and the balance due at permit issuance. With the exception of London, who calculates as the application date for all permits, only Welland had a similar provision to the City's current practice. Welland provides a two-month transition period compared to the City's existing six-month period.

The annual indexing transition policy is not specifically targeted to any one of the City's strategic priorities and therefore, staff recommends removing the policy to enable exemption funding to be strategically applied to the incentives that the independent incentive review determines are necessary for the achievement of the City's Strategic Plan.

ALTERNATIVE FOR CONSIDERATION

Alternative: Delay decisions regarding policy changes until the results of the independent incentive review are available

Financial: There is no immediate financial impact to the City.

Staffing: None.

Legal: None.

Pros: Would be able to support policy changes with the recommendations from an independent review.

Cons: The results of the independent review will not be available until late 2018. The uncertainty related to the Downtown Hamilton CIPA Exemption may be a frustration to the development community. A future phase-in of any reductions in the Downtown Hamilton CIPA Exemption will place pressure on tax and rate payers.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

None.

LG/dt