



DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE

REPORT 19-002

Tuesday, February 19, 2019

4:00 p.m.

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Councillors B. Clark (Chair), J.P. Danko (Vice-Chair), M. Wilson, J. Farr, C. Collins, M. Pearson, B. Johnson, T. Whitehead and J. Summers, B. Caramento, Y. Rozenszajn, and W. Stewart

Absent: S. Mammel

THE DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE PRESENTS REPORT 19-002 AND RESPECTFULLY RECOMMENDS:

- 1. Development Charges By-law Policy – 2019 Development Charges Agriculture / Farm Land Comparators (FCS18062(b)) (City Wide) (Item 7.1)**
 - (a) That Report FCS18062(b) respecting Development Charges By-law Policy – 2019 Development Charges Agriculture / Farm Land Comparators, be received; and,
 - (b) That the Agricultural / Farm Land Development Charge remain at 100% exempt.

- 2. 2019 Development Charges By-law Policy (FCS18062(a)) (City Wide) (Item 10.1)**
 - (a) That staff be directed to include the policy, as outlined below, in the draft DC By-law to be included in the 2019 Development Charges (DC) Background Study:

(i) Parking Structures

That the 2019 Development Charges By-law not provide an exemption for commercial parking.

(ii) Covered Sports Field

That the 2019 Development Charges By-law not provide an exemption for covered sports fields.

(iii) Small Industrial Rate

That the 2019 Development Charges By-law not provide a lower rate for small industrial developments.

(iv) Academic – Post Secondary / Not-for-Profit Elementary/Secondary

(i) That the 2019 Development Charges By-law not provide an Academic Space exemption; and,

(ii) That the 2019 Development Charges By-law require documentation from developers to support the mandatory exemption as a Crown agent.

(v) Affordable Housing

That the 2019 Development Charges By-law not provide an exemption for affordable housing.

(vi) Places of Worship

That the 2019 Development Charges By-law provide an exemption for Places of Worship, with clarification that revenue generating space is not exempt.

(vii) Public Hospitals

That the 2019 Development Charges By-law not provide exemptions for public hospitals.

(viii) Downtown Public Art Reserve Voluntary Contributions

That the 2019 Development Charges By-law maintain the current exemption for Downtown Public Art Reserve Voluntary Contributions, with an annual limit of \$250,000 on the contributions that will be accepted by the City under this program.

(ix) Heritage Buildings

That the 2019 Development Charges By-law maintain the current exemption within the existing building envelope except for sections that are not covered by the Heritage designation.

(x) Redevelopment for Residential Facility

That the 2019 Development Charges By-law maintain the exemption for Redevelopment for Residential Facility.

(xi) Industrial Rate

That the 2019 Development Charges By-law maintain the current exemption, and continue with a 39% reduction, by charging 100% of the water and wastewater charges, and adjusting the percentage charged for services related to a highway component to achieve a combined reduction of 39%.

(xii) Expansion of an Existing Industrial Development

That the 2019 Development Charges By-law maintain the 50% Industrial expansion exemption as written in the 2014 Development Charges By-law, as amended.

(xiii) Transition Policy

That the 2019 Development Charges By-law maintain the Transition Policy tied to building permit applications.

(xiv) Student Residences

That the exemption for Student Residences be maintained in the 2019 Development Charges By-law until June 30, 2020.

(xv) Agriculture

During discussion of Item 7.1, the Committee passed a Motion "That the Agricultural / Farm Land Development Charge remain at 100% exempt", which relates to paragraph 3 of the staff recommendation.

That the 2019 Development Charges By-law redefine the agriculture definition to exclude cannabis growing and processing, and charge the industrial Development Charge rate.

- (i) That the 2019 Development Charges By-law not provide an exemption for farm help houses; and,
- (ii) That the 2019 Development Charges By-law require proof of a farm business registration number to receive the agriculture Development Charge exemption.

(xvi) New Non-Industrial (Commercial/Institutional) Stepped Rates

That the 2019 Development Charges By-law continue stepped rates for office, excluding medical office; continue stepped rates within the City's CIPA (Community Improvement Plan Areas) and BIA's (Business Improvement Areas); and, remove stepped rates for all other development.

(xvii) Expansion of Existing Non-Industrial (Commercial/Institutional)

That the 2019 Development Charges By-law only provide a 5,000 square feet exemption for office, excluding medical office; and, remove the exemption for all other non-industrial development.

(xviii) Downtown Hamilton CIPA

- (i) That the 2019 Development Charges By-law continue to provide a 70% CIPA exemption for major office developments (Class A – greater than 20,000 square feet gross floor area), whether or not the development is a standalone office;

- (ii) That for other development within the Downtown Hamilton CIPA:

July 6, 2019 – July 5, 2020	60% exemption
July 6, 2020 – July 5, 2021	50% exemption
July 6, 2021 – July 5, 2022	40% exemption
July 6, 2022 – July 5, 2023	40% exemption
July 6, 2023 – July 5, 2024	40% exemption

- (iii) That the 2019 Development Charges By-law maintain the same height limits on exemption use; and,
- (iv) That the 2019 Development Charges By-law add clarity that the Downtown Hamilton CIPA exemption cannot be combined/stacked with other Development Charge exemptions and that the Downtown Hamilton CIPA exemption will not be applied if other exemptions result in a lower amount payable.

(xix) Laneway Housing

That the 2019 Development Charges By-law exempt laneway housing.

(xx) Non-industrial Uses Charged Industrial Rate

(i) That the 2019 Development Charges By-law not provide the industrial rate for self storage facilities or hotels; and,

(ii) That the 2019 Development Charges By-law provide the industrial rate for film, production and artists' studios.

(xxi) Other Development Charges Policies

(i) That the 2019 Development Charges By-law maintain the ability to offset Development Charges with an ERASE (Environmental Remediation and Site Enhancement Redevelopment Program) grant, and require security through a Development Charge Deferral Agreement; and,

(ii) That the 2019 Development Charges By-law, respecting Deferral Agreements, maintain the existing policy and add:

(a) That staff be authorized to negotiate extensions of Development Charges Deferral Agreements of up to two years;

(b) That staff be authorized to enter into Development Charges Deferral Agreements related to Podium Developments to delay timing and applicable rate of Development Charge payment to the issuance of each structure permit (no time limit); and,

(c) That staff be authorized to enter into zero interest Development Charge Deferral Agreements where a developer is applying their ERASE grant to offset the Development Charges (no time limit).

(b) That the anticipated cost of providing the exemption policy be supported through the Rate and Tax Capital Budgets as well as through allocations from the City's annual operating budget surplus;

(c) That staff be directed to prepare the necessary reports and draft by-laws to amend the City's GO Transit By-law 11-174 to be consistent with the policy as outlined in sub-section (a);

- (d) That the “Meeting with downtown developers regarding the proposed Downtown Community Improvement Project Area Development Charge Exemption” be considered complete and removed from the Outstanding Business List;
- (e) That “Laneway Housing DC Policy” be considered complete and removed from the Outstanding Business List;
- (f) That “Review of Downtown and Community Renewal Improvement Program” be considered complete and removed from the Outstanding Business List;
- (g) That “Including Affordable Housing in the Development Charges Policy Review” be considered complete and removed from the Development Charges Stakeholders Subcommittee Outstanding Business List; and,
- (h) That “Revise Agriculture Definition in the City’s DC By-law” be considered complete and removed from the Outstanding Business List.

FOR INFORMATION:

The Chair called the meeting to order at 4:00pm.

The Development Charges Stakeholders Sub-Committee meeting recessed in order to allow the Planning Committee meeting to finish.

The Development Charges Stakeholders Sub-Committee meeting reconvened at 5:48 p.m.

(a) APPROVAL OF THE AGENDA (Item 2)

The Committee Clerk advised of the following change to the agenda:

1. ADDED CORRESPONDENCE

5.1 Correspondence from Joel Fogler, Fogler Rubinoff

The agenda of the February 19, 2019 meeting was approved as amended.

(b) DECLARATIONS OF INTEREST (Item 3)

Councillor Wilson declared an interest with Item 10.1’s Affordable Housing section as she has a relative who works in that sector.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) January 28, 2019 (Item 4.1)

The Minutes of the January 28, 2019 meeting, were approved.

(d) DISCUSSION ITEMS (Item 10)

(i) 2019 Development Charges By-law Policy (FCS18062(a)) (City Wide) (Item 10.1)

Joe Spiler, Manager of Capital Budgets & Development, and Gary Scandlan of Watson & Associates Economists Limited, addressed Committee with the aid of a PowerPoint presentation. A copy of the presentation is available for viewing on the City's website.

The presentation from Joe Spiler, Manager of Capital Budgets & Development, Gary Scandlan of Watson & Associates Economists Limited, was received.

The Committee considered the staff recommendations and alternative recommendations for the following Development Charges exemption policies:

(i) Parking Structures

That the 2019 Development Charges By-law not provide an exemption for commercial parking.

(ii) Covered Sports Field

That the 2019 Development Charges By-law not provide an exemption for covered sports fields.

(iii) Small Industrial Rate

The following Motion was DEFEATED:

That the 2019 Development Charges By-law continue to discount new industrial developments under 10,000 square feet by levying only 75% of the industrial rate.

That the 2019 Development Charges By-law not provide a lower rate for small industrial developments.

(iv) Academic – Post Secondary / Not-for-Profit Elementary/Secondary

The following Motion was DEFEATED:

That the 2019 Development Charge By-law continue to charge only the Transit component of the Development Charges for post-secondary academic space.

- (i) That the 2019 Development Charges By-law not provide an Academic Space exemption; and,
- (ii) That the 2019 Development Charges By-law require documentation from developers to support the mandatory exemption as a Crown agent.

(v) Affordable Housing

That the 2019 Development Charges By-law not provide an exemption for affordable housing.

(vi) Places of Worship

That the 2019 Development Charges By-law provide an exemption for Places of Worship, with clarification that revenue generating space is not exempt.

(vii) Public Hospitals

That the 2019 Development Charges By-law not provide exemptions for public hospitals.

(viii) Downtown Public Art Reserve Voluntary Contributions

That the 2019 Development Charges By-law maintain the current exemption for Downtown Public Art Reserve Voluntary Contributions, with an annual limit of \$250,000 on the contributions that will be accepted by the City under this program.

(ix) Heritage Buildings

The following Motion was DEFEATED:

That the 2019 Development Charges By-law maintain the current exemption.

That the 2019 Development Charges By-law maintain the current exemption within the existing building envelope except for sections that are not covered by the Heritage designation.

(x) Redevelopment for Residential Facility

That the 2019 Development Charges By-law maintain the exemption for Redevelopment for Residential Facility.

(xi) Industrial Rate

That the 2019 Development Charges By-law maintain the current exemption, and continue with a 39% reduction, by charging 100% of the water and wastewater charges, and adjusting the percentage charged for services related to a highway component to achieve a combined reduction of 39%.

(xii) Expansion of an Existing Industrial Development

That the 2019 Development Charges By-law maintain the 50% Industrial expansion exemption as written in the 2014 Development Charges By-law, as amended.

(xiii) Transition Policy

That the 2019 Development Charges By-law maintain the Transition Policy tied to building permit applications.

(xiv) Student Residences

That the exemption for Student Residences be maintained in the 2019 Development Charges By-law until June 30, 2020.

(xv) Agriculture

During discussion of Item 7.1, the Committee passed a Motion "That the Agricultural / Farm Land Development Charge remain at 100% exempt", which relates to paragraph 3 of the staff recommendation.

For disposition of this matter, refer to Item 1.

That the 2019 Development Charges By-law redefine the agriculture definition to exclude cannabis growing and processing, and charge the industrial Development Charge rate.

- (i) That the 2019 Development Charges By-law not provide an exemption for farm help houses; and
- (ii) That the 2019 Development Charges By-law require proof of a farm business registration number to receive the agriculture Development Charge exemption.

(xvi) New Non-Industrial (Commercial/Institutional) Stepped Rates

That the 2019 Development Charges By-law continue stepped rates for office, excluding medical office; continue stepped rates within the City's CIPA (Community Improvement Plan Areas) and BIA's (Business Improvement Areas); and, remove stepped rates for all other development.

(xvii) Expansion of Existing Non-Industrial (Commercial/Institutional)

That the 2019 Development Charges By-law only provide a 5,000 square feet exemption for office, excluding medical office; and, remove the exemption for all other non-industrial development.

(xviii) Downtown Hamilton CIPA

The following Motion was DEFEATED:
That the staff recommendation for "Other development within the Downtown Hamilton CIPA" be amended as follows:

July 6, 2019 – July 5, 2020	60% exemption
July 6, 2020 – July 5, 2021	50% exemption
July 6, 2021 – July 5, 2022	40% 50% exemption
July 6, 2022 – July 5, 2023	40% 50% exemption
July 6, 2023 – July 5, 2024	40% 50% exemption

- (i) That the 2019 Development Charges By-law continue to provide a 70% CIPA exemption for major office developments (Class A – greater than 20,000 square feet gross floor area), whether or not the development is a standalone office;
- (ii) That for other development within the Downtown Hamilton CIPA:

July 6, 2019 – July 5, 2020	60% exemption
July 6, 2020 – July 5, 2021	50% exemption
July 6, 2021 – July 5, 2022	40% exemption

July 6, 2022 – July 5, 2023	40% exemption
July 6, 2023 – July 5, 2024	40% exemption

- (iii) That the 2019 Development Charges By-law maintain the same height limits on exemption use; and,
- (iv) That the 2019 Development Charges By-law add clarity that the Downtown Hamilton CIPA exemption cannot be combined/stacked with other Development Charge exemptions and that the Downtown Hamilton CIPA exemption will not be applied if other exemptions result in a lower amount payable.

(xix) Laneway Housing

That the 2019 Development Charges By-law exempt laneway housing.

(xx) Non-industrial Uses Charged Industrial Rate

- (i) That the 2019 Development Charges By-law not provide the industrial rate for self storage facilities or hotels; and,
- (ii) That the 2019 Development Charges By-law provide the industrial rate for film, production and artists' studios.

(xxi) Other Development Charges Policies

- (i) That the 2019 Development Charges By-law maintain the ability to offset Development Charges with an ERASE (Environmental Remediation and Site Enhancement Redevelopment Program) grant, and require security through a Development Charge Deferral Agreement; and,
- (ii) That the 2019 Development Charges By-law, respecting Deferral Agreements, maintain the existing policy and add:
 - (a) That staff be authorized to negotiate extensions of Development Charges Deferral Agreements of up to two years;
 - (b) That staff be authorized to enter into Development Charges Deferral Agreements related to Podium Developments to delay timing and applicable rate of Development Charge payment to the issuance of each structure permit (no time limit); and,

- (c) That staff be authorized to enter into zero interest Development Charge Deferral Agreements where a developer is applying their ERASE grant to offset the Development Charges (no time limit).

Recommendation (c) of Report FCS18062(a) respecting 2019 Development Charge By-law Policy, was deleted in its entirety and the balance be renumbered accordingly:

- ~~(c) That the 2019 Development Charges (DC) Background Study, as prepared by Watson and Associates Economists Ltd., be released to the public through the next Development Charges Stakeholder Sub-Committee meeting.~~

For further disposition of this matter, refer to Item 2.

(e) ADJOURNMENT (Item 15)

There being no further business, the Development Charges Stakeholders Sub-Committee, was adjourned at 9:38 p.m.

Respectfully submitted,

Councillor B. Clark, Chair
Development Charges
Stakeholders Sub-Committee

Lisa Chamberlain
Legislative Coordinator
Office of the City Clerk