



City of Hamilton
Hamilton

**DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE
AGENDA**

Meeting #: 22-001
Date: February 28, 2022
Time: 9:30 a.m.
Location: Due to the COVID-19 and the Closure of City Hall (CC)

All electronic meetings can be viewed at:

City's Website:
<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>

City's YouTube Channel:
<https://www.youtube.com/user/InsideCityofHamilton> or Cable 14

Lisa Kelsey, Legislative Coordinator (905) 546-2424 ext. 4605

Pages

- 1. CEREMONIAL ACTIVITIES
- 2. APPROVAL OF AGENDA
(Added Items, if applicable, will be noted with *)
- 3. DECLARATIONS OF INTEREST
- 4. APPROVAL OF MINUTES OF PREVIOUS MEETING
 - 4.1. March 11, 2021
- 5. COMMUNICATIONS
- 6. DELEGATION REQUESTS
- 7. CONSENT ITEMS
- 8. PUBLIC HEARINGS / DELEGATIONS
- 9. STAFF PRESENTATIONS

3

10. DISCUSSION ITEMS

10.1. Community Benefits Charges (FCS22015) (City Wide)

6

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

15. ADJOURNMENT



**DEVELOPMENT CHARGES STAKEHOLDERS
SUB-COMMITTEE
MINUTES 21-002
March 11, 2021
1:00 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, M. Pearson, C. Collins, B. Johnson
P. Szachlewicz (Hamilton Chamber of Commerce)
M. Collins-Williams (West End Home Builders Association)

Absent: Councillors T. Whitehead – Personal
C. Laskowski (Realtors Association of Hamilton-Burlington)
J. Summers (Citizen member)
S. Ferris (Citizen)

**THE DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE PRESENTS
REPORT 21-002 AND RESPECTFULLY RECOMMENDS:**

1. **Development Charges Budget – Gross and Net (FCS21023) (City Wide) (Item 7.1)**

(Pearson/Wilson)
That Report FCS21023 respecting Development Charges Budget – Gross and Net, be received.
CARRIED

2. **Development Charges Update Study (Item 10.1)**

(Pearson/Farr)
That the Development Charges Update Study, be received.
CARRIED

3. **Appointment of Committee Chair and Vice Chair for 2021-2022 (Item 13.1)**

(Farr/Collins)
(a) That Councillor Danko be appointed as Chair of the Development Charges Stakeholders Sub-committee for 2021-2022.
CARRIED

(Wilson/Farr)

- (b) That Paul Szachlewicz, Hamilton Chamber of Commerce, be appointed as Vice Chair of the Development Charges Stakeholders Sub-committee for 2021-2022.

CARRIED

FOR INFORMATION:

(a) APPROVAL OF THE AGENDA (Item 2)

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

(Pearson/Johnson)

That the agenda of the March 11, 2021 meeting be approved as presented.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 3)

None declared.

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

(i) January 29, 2021 (Item 4.1)

(Pearson/Wilson)

That the Minutes of the January 29, 2021 meeting, be approved.

CARRIED

(d) DISCUSSION ITEMS (Item 10)

(i) Development Charges Update Study (Item 10.1)

Brian McMullen, Director, Financial Planning, Administration and Policy, and Gary Scandlan of Watson & Associates Economists Limited, addressed Committee with the aid of a PowerPoint presentation.

(Clark/Farr)

That the presentation from Brian McMullen, Director, Financial Planning, Administration and Policy, and Gary Scandlan of Watson & Associates Economists Limited respecting the Development Charges Update Study, be received.

CARRIED

For disposition of this matter, see Item 2.

**Development Charges
Stakeholders Sub-Committee
Minutes 21-002**

**March 11, 2021
Page 3 of 3**

(e) ADJOURNMENT (Item 15)

(Pearson/Farr)

That, there being no further business, the Development Charges Stakeholders Sub-Committee, be adjourned at 2:00 p.m.

CARRIED

Respectfully submitted,

Councillor Danko, Acting Chair
Development Charges
Stakeholders Sub-Committee

Lisa Kelsey
Legislative Coordinator
Office of the City Clerk



INFORMATION REPORT

TO:	Chair and Members Development Charges Stakeholders Sub-Committee
COMMITTEE DATE:	February 28, 2022
SUBJECT/REPORT NO:	Community Benefits Charges (FCS22015) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Carolyn Paton (905) 546-2424 Ext. 4371 Kirk Weaver (905) 546-2424 Ext. 2878
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

Background

In May 2019, the Minister of Municipal Affairs and Housing released *More Homes, More Choice: Ontario's Housing Supply Action Plan*. In support of the Action Plan, the Province developed omnibus Bill 108, *More Homes More Choice Act, 2019*, which received Royal Assent on June 6, 2019. Report FCS21048, adopted by City Council on June 9, 2021 included a summary of the legislative changes affecting the collection of revenues to support growth related infrastructure.

Municipalities have until September 18, 2022, to transition to the new framework for Development Charges, Community Benefits Charges and Parkland Dedication. This includes adoption of a Community Benefits Charge by-law to ensure the City takes full advantage of the legislative tools available to fund growth related infrastructure.

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.

SUBJECT: Community Benefits Charges (FCS22015) (City Wide) – Page 2 of 4

The City of Hamilton has begun work to establish a new Community Benefits Charge (CBC) By-law and Strategy under the *Planning Act*. The proposed Community Benefits Charge Strategy and By-law will be presented to Hamilton City Council in June 2022 for consideration. Completion of an integrated public and industry stakeholder consultation process for the CBC Strategy will also occur. There is no mandated expiry date for the CBC By-law. It is the City's intention to review the CBC Strategy and by-law on a regular basis. The CBC by-law may be appealed to the Ontario Land Tribunal.

Community Benefits Charges

Community Benefits Charges are intended to work with Development Charges and Parkland Dedication to ensure that municipalities have the tools and resources they need to build complete communities.

Single Tier and Lower Tier Municipalities are only permitted to impose CBCs for higher density residential development. As such, a CBC can only be charged on developments and redevelopments with five or more storeys and 10 or more residential units.

Community Benefits Charges will be capped at a maximum of four per cent of land value on the day before a building permit is issued. The charge must be justified through the development of a CBC Strategy that is similar to the approach used in a Development Charges Background Study.

The following table identifies projects/services that are both exempt and eligible for Community Benefit Charges.

Development Exempt from CBC's	Services to be Considered for CBC Funding
<ul style="list-style-type: none"> • Long-term care homes • Retirement homes • Universities, colleges, and Indigenous Institutes • Memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion • Hospices 	<ul style="list-style-type: none"> • Parking and Airports (these services are no longer eligible for DC funding as of Sept. 18, 2022) • Some studies • Parkland Acquisition (in excess of parkland dedication) • Municipal Administration Building Expansion • Cultural Initiatives (e.g. Museums, Arts Centres, Public Arts, Heritage Preservation) • Public Realm Improvements (e.g. Community Gardens, Space for Non-Profits) • Expansion to Landfill • Eligible DC infrastructure (not included in DC)

A "Community Benefits Charges Fact Sheet" is attached as Appendix "A" to Report FCS22015 and provides additional details.

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.

Engagement and Consultation

Watson & Associates Economists Ltd. (Watson) has been retained to provide consulting services for the City of Hamilton's 2022 Community Benefits Charges process. A comprehensive and time sensitive schedule has been put in place to meet the legislative deadline for the CBC Strategy and By-law while taking into consideration factors including Committee and Council meetings, as well as, the upcoming municipal election.

A CBC Working Group comprised of key members of all City departments has been formed to assist in gathering information necessary for the CBC Strategy and By-law. The Working Group is provided project updates and engages in various discussions that are instrumental in helping prepare the basis for the strategy and by-law. In addition to the Working group, the City's Senior Leadership Team (Steering Committee) receives updates at monthly meetings and provides guidance and direction throughout the process. External consultation with key development groups will be scheduled at milestone points through the duration of the project. The City plans on releasing the strategy report prior to Council's consideration of the By-Law.

The City's CBC Strategy will support data and information required under the *Planning Act* and the related regulations. The CBC Strategy will:

- Include a list of projects which can be funded by CBC revenue. It is in the City's best interest to ensure that a broad range of projects are identified that captures future projects related to growth.
- Include estimates of the anticipated amount, type and location of development and redevelopment, using the most recent growth forecast information and applications in the development process.
- Consider the timing of eligible development (10 years).
- Include estimates of the land values of the eligible developments and determine the estimated funding envelope based on 4% of the land value.
- Ensure that projects are not being funded by CBC revenue, Development Charges and or parkland (Cash in lieu or CIL) as per legislation (i.e. no double dipping).

In consultation with Corporate Communications, it has been determined that the most effective method of communication to provide awareness and information updates on the CBC process is through the City's website, as well as, social media outreach at key project milestones. This will ensure that the public and stakeholders have access to the most up-to-date information.

Options for Utilizing CBC Funds

Every effort will be made to ensure that the City is able to take full advantage of this new legislative tool in order to support the funding of the growth-related capital program, minimize the impact on the taxpayer and align with Council's priorities. The following two scenarios will be considered:

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.

SUBJECT: Community Benefits Charges (FCS22015) (City Wide) – Page 4 of 4

1. CBC's may be used to offset amendments to the *Development Charges Act* that will eliminate our ability to collect Development Charges for certain services that were previously eligible.
2. CBC's may be used to fund growth-related capital infrastructure for services not eligible for Development Charges, but that are eligible under the CBC and support the advancement of existing Term of Council Priorities.

Implementation and Administration

Similar to the Development Charges program, the approval of the Community Benefits Charge Strategy and By-law will require an administration and implementation plan to be developed. Funds that are collected will be deposited in a reserve account and may be utilized as a funding source in the capital budget for Council approved projects. Each year, municipalities will be required to prepare a report detailing the status of the CBC account, including the funds collected, amounts used throughout the year and assets acquired, if any. In each calendar year, a municipality shall spend or allocate at least sixty per cent of the monies that are in the special account at the beginning of the year. Staff will form a cross-departmental team to ensure administration and implementation complies with legislative requirements.

Conclusion

The Community Benefits Charges Process is new for all municipalities in Ontario. Through this process, it is important to consider the relationship between Development Charges, parkland by-laws and the potential for a new CBC revenue as financing tools. Staff has engaged all internal stakeholders and plan on hosting engagement sessions with the development industry and other key stakeholders. The proposed Community Benefits Charges Strategy and By-law will be presented to Hamilton City Council in June 2022 for consideration.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS22015 – Community Benefits Charges Fact Sheet

CP/dt

City of Hamilton Community Benefits Charges (CBC) Fact Sheet

The City of Hamilton has begun work to establish a new Community Benefits Charge (CBC) Strategy and By-law under the *Planning Act*. The proposed Community Benefits Charge Strategy and By-law will be presented to Hamilton City Council in June 2022 for consideration.

Key facts about the CBC:

- Changes to the *Planning Act* include a tool that allows municipalities to impose a Community Benefits Charges on eligible high-density developments or redevelopments
- The new CBC legislation replaces the prior Section 37 of the *Planning Act*, which allowed municipalities to secure community benefits through agreements related to re-zoning that allowed increased height and / or density over and above exiting planning permissions
- Municipalities must pass a CBC Strategy and By-law to utilize this financing tool
- CBC's can fund capital costs of municipal services that are not being funded under a parkland by-law or a DC by-law

What is a CBC?

- A new fee / charge paid by developers when a building permit is issued
- A fee / charge to be imposed in addition to the Development Charges (DC) and Parkland dedication / payment or cash-in-lieu of parkland provisions of the *Planning Act*
- A charge on developments with five or more storeys and 10 or more residential units
- A cap at 4% of the land value on the day before a building permit is issued

NOTE: A CBC is NOT the former Section 37 (*Planning Act*) bonusing density tool, OR a Community Benefit Agreement.

How do CBC's work?

- Growth-related capital infrastructure and services are eligible to be funded from CBC revenue including, but not limited to, the following:
 - Services being removed from DC collections as of September 18, 2022 (Parking, Airport and some Studies)
 - Other current ineligible DC services such as:
 - Municipal Administration Building Expansion
 - Cultural Initiatives (e.g. Museums, Arts Centres, Public Arts, Heritage Preservation)
 - Public Realm Improvements (e.g. Community Gardens, Space for Non-Profits)
 - Expansion to Landfill
 - Parkland Acquisition (in excess of parkland dedication provisions of the *Planning Act*)
 - Eligible DC infrastructure
- Developments EXEMPT from a CBC (where specific criteria is met as set out in Ontario Regulation 509/20) include:
 - Long-term care homes and retirement homes
 - Universities, colleges, and Indigenous Institutes
 - Memorial homes, clubhouses or athletic grounds of the Royal Canadian Legion
 - Hospices
 - Non-profit housing



City of Hamilton 2022 Community Benefits Charge

D.C. Stakeholder Sub-Committee

February 28, 2022



Agenda

- Introductions
- What is a Community Benefits Charge
- Methodology
- Exemptions
- C.B.C. Process
- Growth Forecast
- Study Schedule
- Questions



What is a Community Benefits Charge

City of Hamilton 2021 C.B.C. Strategy



What is a Community Benefits Charge?

Current Legislation

The COVID-19 Economic Recovery Act (Bill 197) received Royal Assent on July 21, 2020, and amendments came into effect on September 18, 2022

- D.C.A. amendments include changes to eligible services
 - All services included in the City's current D.C. By-law remain eligible under the D.C.A., except for Parking Services, Airport Services, and portions of Social Services (now can only include Child Care and Early Years Programs)
- Planning Act Amendments
 - Community Benefits Charges may be imposed by By-law for buildings or structures with five storeys or more **and** with 10 or more residential units.
 - The prescribed maximum C.B.C. rate (as per O. Reg. 509/20) is 4% of the property's land value prior to the day of building permit issuance.

What is a Community Benefits Charge?



Under Bill 197

- Section 37(2) allows local/single tier municipalities to impose community benefits charges against land to pay for the capital costs of facilities, services and matters required due to development/redevelopment.
- To implement a charge, a C.B.C. by-law must be passed by Council.
- Before passing a C.B.C by-law under subsection (2), a strategy must be prepared that:
 - identifies the facilities, services and matters that will be funded with community benefits charges; and
 - complies with any prescribed requirements (defined by O. Reg. 509/20)

Methodology

City of Hamilton 2021 C.B.C. Strategy



Methodology of C.B.C. Strategy

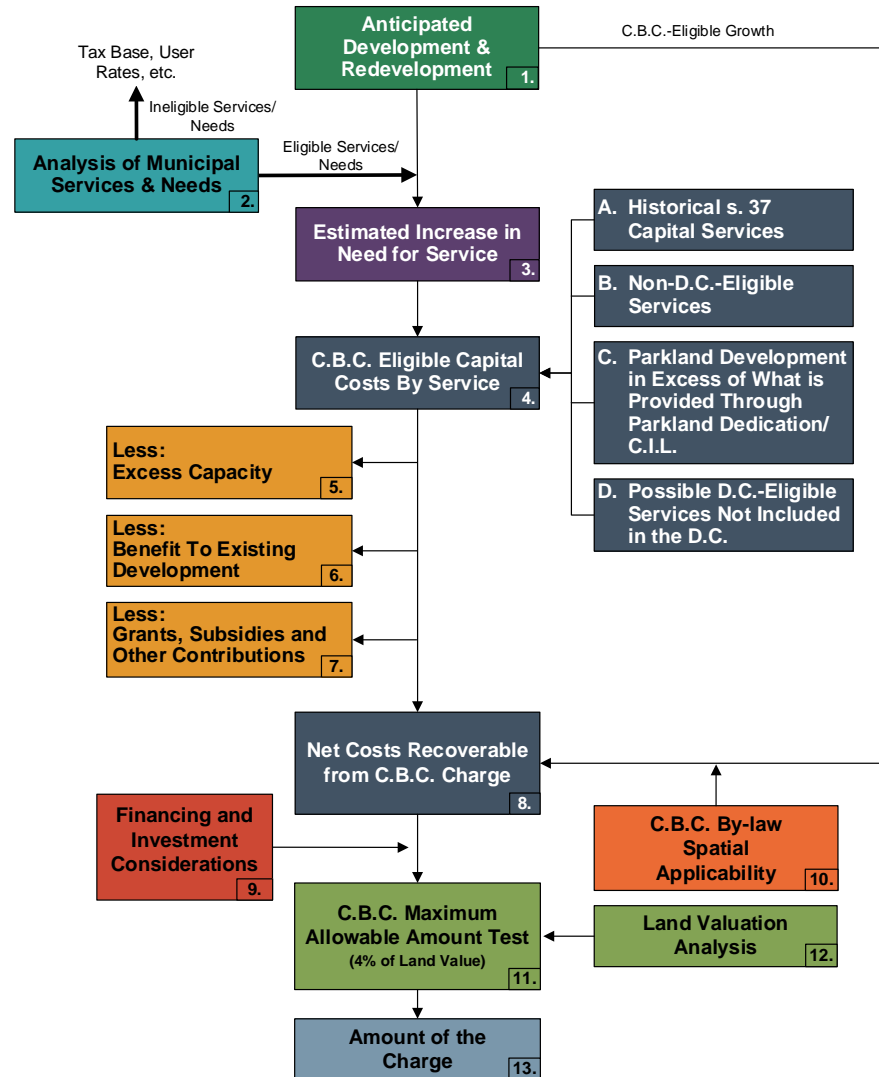
Community Benefits Charges will only apply to developments that are 5 storeys or more and have a minimum 10 residential units. As such the following must be assessed to determine the C.B.C. for the City:

1. Determine the amount of anticipated development and redevelopment that will be eligible to have a C.B.C. imposed on it by reviewing the most recent growth forecast information, applications in the development process, etc.
2. Estimate the land values of the eligible developments/redevelopments in consultation with City Realty staff based on recent appraisal available and/or through information provided by an appraiser contracted for purposes of the C.B.C. strategy.
3. Determine the estimated funding envelope based on 4% of the land values.
4. Estimate the increase in need for services and the share of the capital costs required because of the development/redevelopment.
5. Determine how much of the capital costs relate to the eligible development & redevelopment and complete the formal calculations to determine the percentage to impose for a C.B.C. (to a maximum of 4%)

C.B.C. Methodology



The Process of Calculating a Community Benefits Charge under the Act that must be followed





Eligible Growth

Estimate the anticipated amount, type and location of eligible development and redevelopment for a C.B.C.:

- High Density Development Only – a minimum 5 storeys with at least 10 residential units
- Amount and Location - discussions have taken place with City Planning staff and Watson’s demographics team related to the “No Urban Boundary Expansion Forecast” to determine the amount and location of the eligible growth
- Consideration for the timing of eligible development (i.e. 10 years (2022-2031))

Note the results of the Growth Forecast portion of the study is provided later in this presentation



Estimate the land values of the eligible developments/redevelopments in consultation with City realty staff by location as identified through the growth forecast.

- The average land valuations will be summarized by locations, with regard to density, from the appraisal report(s) and a weighted value per acre would be calculated.



Identifying the Increase in Need

Estimates of the increase in the need for facilities, services and matters attributable to the anticipated development and redevelopment to which the community benefits charge by-law would relate, will be considered:

- Similar wording is included in the D.C.A., "increase in need....resulting from new development or redevelopment"
- The above suggests a link or attribution between the anticipated development and the estimated increase in the need for service
- The approach is similar to a D.C. study but will need to attribute benefit to high-density units



Potential Services to be Considered

The types of growth-related capital that can be included in a C.B.C. can include:

- Non-D.C. eligible services:
 - Services Recently Removed from D.C.: Parking, Airport, Certain Studies,
 - Other Non-eligible D.C. Services: Municipal Administration Building Expansion, Museum, Arts Centre, Public Art, Heritage Preservation, Landfill, Public Realm Improvements, Community Gardens, Space for Non-Profits, etc.;
- Former Services recovered under Section 37 of the Planning Act (not applicable for the City);
- Parkland Acquisition, except for parkland dedication related; and
- D.C. eligible services (Growth-related capital not included in the D.C.).



“Example” of C.B.C. Funding Calculation

- Based on eligible properties and weighted land values, an assumption of the density (e.g. 125 units per acre) would be made to generate a total land value of \$512.8 million.
- The maximum C.B.C. percentage of 4% would generate \$20.5 million of revenue.
- This would require capital projects in the range of \$79-\$119 million depending on the services included.

Area	Total CBC Eligible Units	% of Total Units	Average Land Value Per Acre	Weighted Value Per Acre by Area	Average Units per Acre	Estimated Total Acres	Total Land Value	CBC %	CBC Revenue
Ancaster	6,247	82%	\$8,292,550	\$6,770,822	125	50			
Downtown	990	13%	\$10,221,355	\$1,322,591	125	8			
Stoney Creek	414	5%	\$5,246,032	\$283,866	125	3			
Total	7,651	100%		\$8,377,279		61	\$512,756,464	4%	\$20,510,259

Pop/Employment CBC Recovery from High Density Development - Gross Cost Required for Projects	17%	\$119,427,608
Parks/Rec/Culture CBC Recovery from High Density Development - Gross Cost Required for Projects	26%	\$79,199,361

For illustration purposes only (i.e. not Hamilton information)

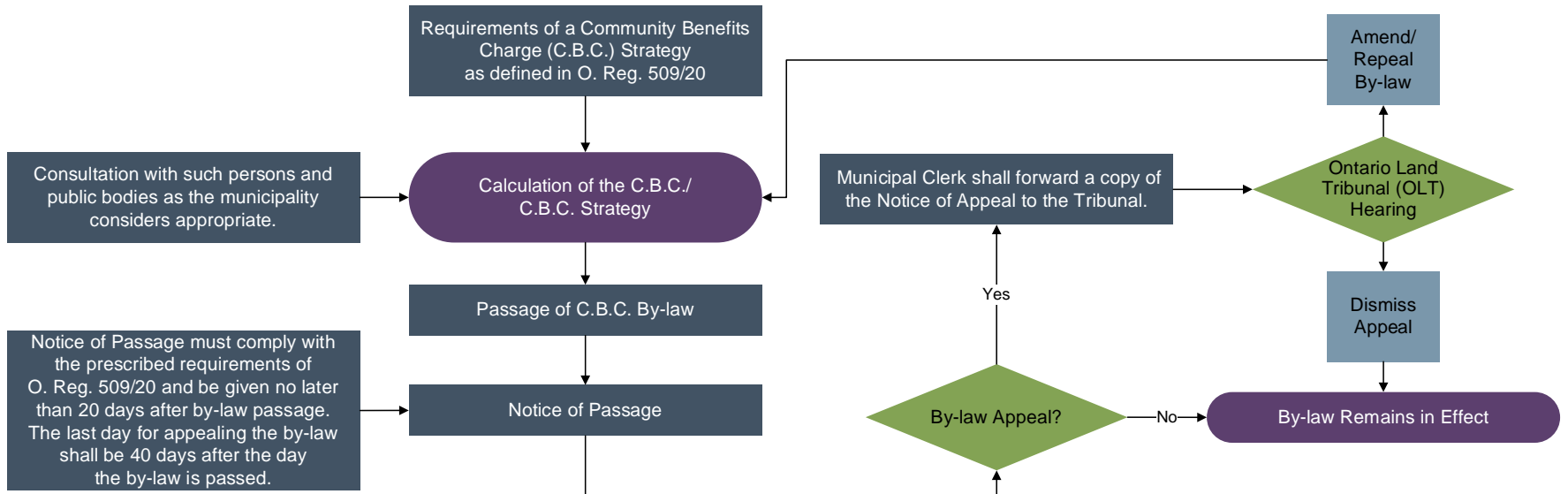


C.B.C. Process

City of Hamilton 2021 C.B.C. Strategy



C.B.C. Process





Growth Forecast

City of Hamilton 2021 C.B.C. Strategy



Growth Forecast

The C.B.C. Growth Forecast for 2022-2031, has considered:

- The “No Urban Boundary Growth Scenario” as per GRIDS 2;
- Actual permits that have taken place between 2019-2021 to set a 2022 base year;
- Developments at various stages of the planning process anticipated to take place in the 10-year forecast period (i.e. registered, draft approved, pending); and
- Developments in the planning process by area of the city (i.e. based on former municipal boundaries and development within and outside of the downtown secondary plan for lower Hamilton)

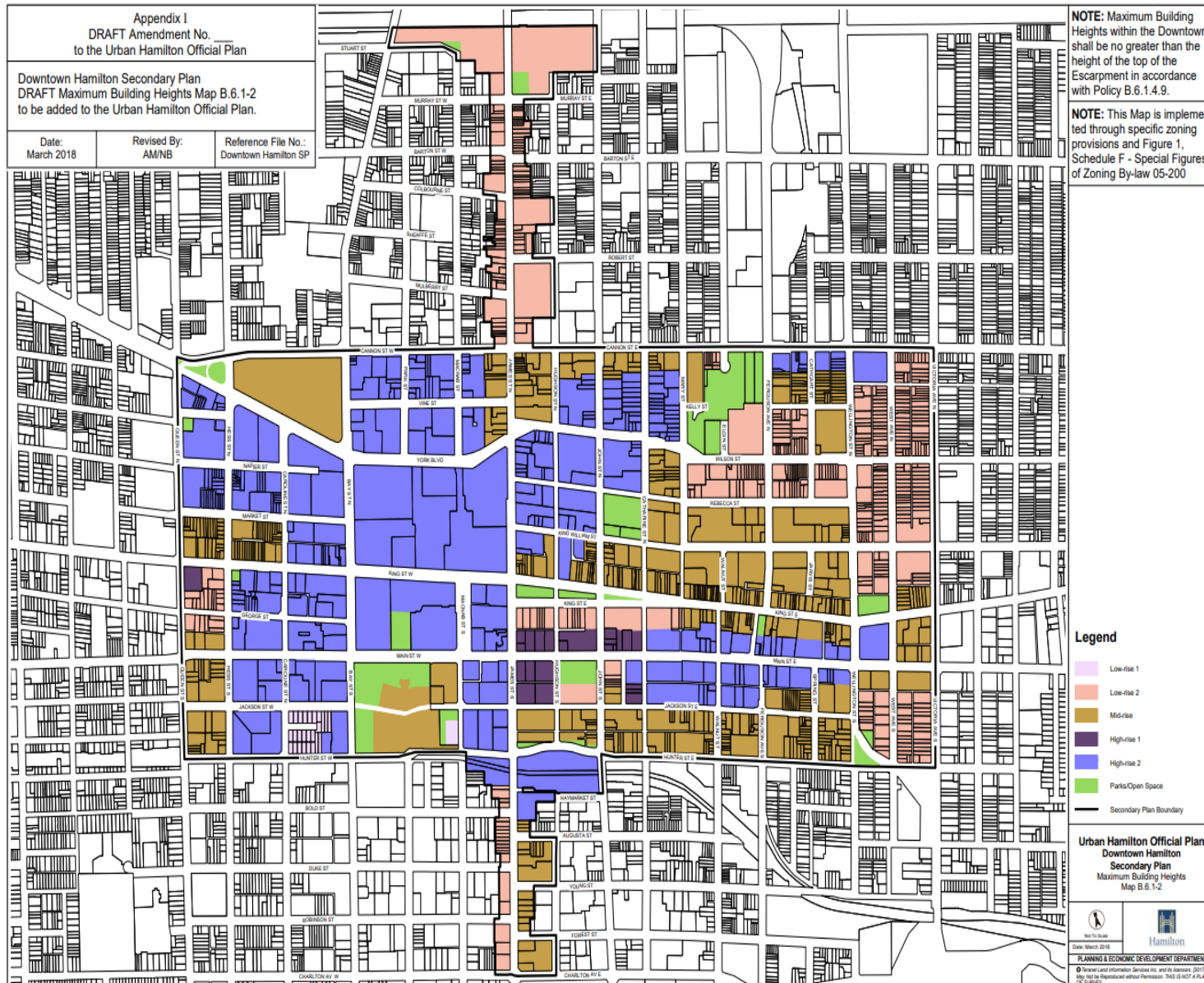


Growth Forecast – Breakdown by Area





Growth Forecast – Downtown Secondary Plan





Growth Forecast - Residential

Development Location	Timing	Single & Semi-Detached	Multiples ^[1]	Apartments ^[2]			Total Residential Units	Gross Population In New Units	Existing Unit Population Change	Net Population Increase, Excluding Institutional	Institutional Population	Net Population Including Institutional
				Units in C.B.C. Ineligible	Units in C.B.C. Eligible	Total Apartment Units						
Ancaster	2022 - 2031	599	520	471	0	471	1,590	4,009	-513	3,496	70	3,566
Dundas	2022 - 2031	42	56	0	253	253	351	686	-307	379	42	421
Flamborough	2022 - 2031	780	896	2,646	307	2,953	4,629	9,554	-540	9,014	73	9,087
Sub-Total Ancaster, Dundas & Flamborough	2022 - 2031	1,421	1,472	3,117	560	3,677	6,570	14,249	-1,360	12,889	185	13,074
Glanbrook	2022 - 2031	1,854	1,606	197	0	197	3,657	10,339	-378	9,961	51	10,012
Upper Hamilton	2022 - 2031	1,123	1,091	1,890	3,889	5,779	7,993	15,787	-1,940	13,847	263	14,110
Stoney Creek	2022 - 2031	770	1,523	510	1,390	1,900	4,193	9,263	-879	8,384	119	8,503
Sub-Total Glanbrook, Stoney Creek and Upper Hamilton	2022 - 2031	3,747	4,220	2,597	5,279	7,876	15,843	35,389	-3,197	32,192	433	32,625
Lower Hamilton (inside Downtown Secondary Plan)	2022 - 2031	2	3	14	3,235	3,249	3,254	5,323	-576	4,747	18	4,765
Lower Hamilton (outside Downtown Secondary Plan)	2022 - 2031	285	562	2,496	1,010	3,506	4,353	8,005	-1,661	6,344	286	6,630
Sub-Total Lower Hamilton	2022 - 2031	287	565	2,510	4,245	6,755	7,607	13,328	-2,237	11,091	304	11,395
City of Hamilton	2022 - 2031	5,455	6,257	8,224	10,084	18,308	30,020	62,966	-6,794	56,172	922	57,094

Derived from City of Hamilton No Urban Boundary Expansion Scenario (September, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

^[1] Includes townhouses and apartments in duplexes.

^[2] Includes accessory apartments, bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.

Growth Forecast - C.B.C. Eligible Growth Breakdown

- Based on applications in the planning process, approximately 55% of all apartment units will be in buildings that have a minimum of 5 storeys and minimum of 10 residential units.
- Therefore, of the 18,308 apartment units identified for the growth forecast period from 2022-2031, 10,084 units would be eligible for recovery of a C.B.C.
- Based on the eligible units in the planning process, the following provides a breakdown of the anticipated location of the eligible units:

Area	Eligible Units			
	Registered	Draft Approved	Pending	Total
Ancaster	-	-	-	-
Dundas	-	132	121	253
Flamborough	-	233	74	307
Glanbrook	-	-	-	-
Upper Hamilton	-	1,462	2,427	3,889
Stoney Creek	1,023	367	-	1,390
Lower Hamilton (Inside the Downtown Secondary Plan Area)	-	804	2,431	3,235
Lower Hamilton (Outside the Downtown Secondary Plan Area)	-	885	125	1,010
Total	1,023	3,883	5,178	10,084



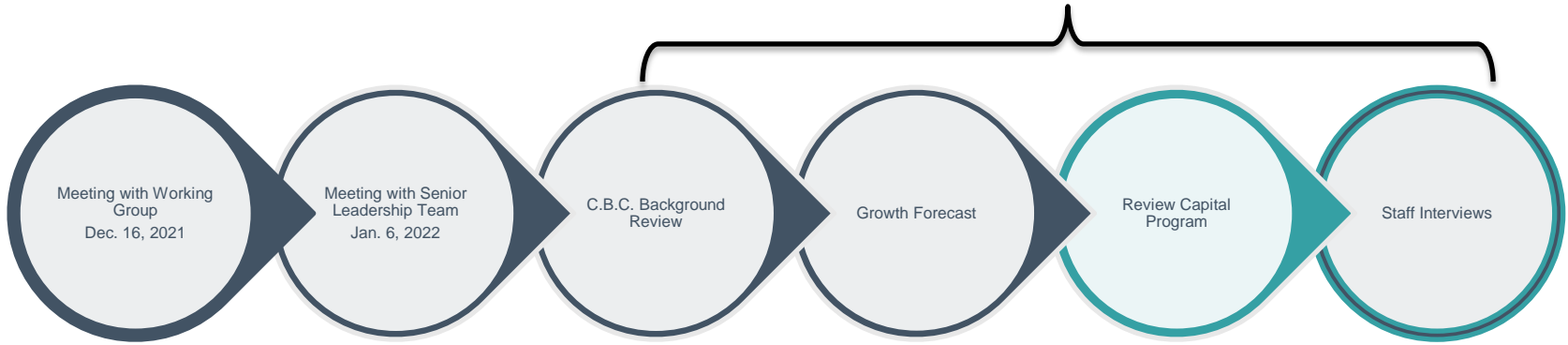
Study Schedule

City of Hamilton 2021 C.B.C. Strategy



Timelines

Jan. – Mar. 2022





Questions?