



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 23-007
Date: May 4, 2023
Time: 9:30 a.m.
Location: Council Chambers
Hamilton City Hall
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

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 April 20, 2023
5. **COMMUNICATIONS**
6. **DELEGATION REQUESTS**
7. **DELEGATIONS**
8. **STAFF PRESENTATIONS**
9. **CONSENT ITEMS**
 - 9.1 Development Charges Indexing - Effective July 6, 2023 (FCS23047) (City Wide)
10. **DISCUSSION ITEMS**

11. MOTIONS

11.1 Area Specific Development Charges

11.2 Development Charge Background Study – Parklands and Natural Assets

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 23-006

**9:30 a.m.
April 20, 2023
Council Chambers
Hamilton City Hall**

Present: Councillors C. Kroetsch (Chair), T. Hwang (Vice-Chair), J. Beattie, B. Clark, M. Spadafora M. Tadeson, A. Wilson, and M. Wilson

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Tax and Rate Operating Budget Variance Report as at December 31, 2022 – Budget Control Policy Transfers (FCS22042(b)) (City Wide) (Item 8.1)

(Spadafora/Tadeson)

- (a) That the Tax and Rate Operating Budget Variance Report as at December 31, 2022 attached as Appendices “A” and “B”, respectively, to Report FCS22042(b) be received;
- (b) That, in accordance with the “Budgeted Complement Control Policy”, the 2022 complement transfers from one department / division to another with no impact on the levy, as outlined in Appendix “C” to Report FCS22042(b), be approved;
- (c) That, in accordance with the “Budget Complement Control Policy”, the 2022 extensions of temporary positions with 24-month terms or greater, with no impact on the levy, as outlined in Appendix “D” to Report FCS22042(b), be approved;
- (d) That, subject to finalization of the 2022 audited financial statements, the disposition of the 2022 year-end operating budget surplus be approved as detailed in Table 1:

Table 1

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/(DEFICIT)	\$	\$
Corporate Surplus from Tax Supported Operations		\$ 22,938,340
Disposition to/from Self-Supporting Programs & Agencies		\$ (3,159,224)
Less: Police (Transfer to Police Reserve)	\$ (1,020,546)	
Less: Library (Transfer to Library Reserve)	\$ (2,139,741)	
Add: Farmers Market (Transfer from COVID-19 Emergency Reserve)	\$ 1,063	
Balance of Corporate Surplus		\$ 19,779,116
Less: Transfer to Flamborough Capital Reserve		\$ (262,944)
Less: Transfer to fund Mission Services one-time capital (Council Aug 2022; HSC20020(f))		\$ (3,040,000)
Less: Transfer to Hamilton Entertainment Facilities (HEF) Capital Project Reserve		\$ (544,658)
Less: Transfer to fund shortfall in Development Charge Exemptions		\$ (7,708,933)
Less: Transfer to fund Cold Alert Response		\$ (109,000)
Less: Transfer of Hamilton Utilities Corporation (HUC) dividends surplus to the Housing Project ID #6732341301 (Council Aug 2019; HSC19048)		\$ (2,792,304)
Less: Transfer remaining balance to Tax Stabilization Reserve		\$ (5,321,277)
Balance of Tax Supported Operations		\$ (0)
Corporate Surplus from Rate Supported Operations		\$ 1,173,485
Less: Transfer Rate Supported Waster Surplus to fund Development Charge Exemptions		\$ (770,107)
Less: Transfer Rate Supported Wastewater/Stormwater Surplus to fund Development Charge Exemptions		\$ (403,378)
Balance of Rate Supported Operations		\$ 0

Result: Motion CARRIED by a vote of 6 to 0, as follows:

- YES - Ward 1 Councillor Maureen Wilson
- YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
- ABSENT - Ward 4 Councillor Tammy Hwang
- YES - Ward 9 Councillor Brad Clark
- ABSENT - Ward 10 Councillor Jeff Beattie
- YES - Ward 11 Councillor Mark Tadeson
- YES - Ward 13 Councillor Alex Wilson
- YES - Ward 14 Councillor Mike Spadafora

2. Development Charges Stakeholders Sub-Committee Report 23-001, April 13, 2023 (Added Item 10.1)

(M. Wilson/Tadeson)

(a) Appointment of Chair and Vice-Chair for 2023 (Item 1.1)

(i) Appointment of Chair

That Councillor C. Cassar be appointed as Chair of the Development Charges Stakeholders Sub-committee for 2023.

(ii) Appointment of Vice-Chair

That P. Szachlewicz be appointed as Vice-Chair of the Development Charges Stakeholders Sub-committee for 2023.

(b) Corporate Strategic Growth Initiatives (CSGI) – Master Plan Updates and Development Charge By-law Approach (PED23084) (City Wide) (Item 11.1)

- (i) That the City's new 2024 Development Charges (DC) By-law be prepared based on the 2031 growth forecast; and,
- (ii) That, notwithstanding (i) above, the City's new 2024 Development Charges (DC) By-law may include growth allocations to facilitate DC considerations to 2041 and, if necessary, 2051 based on timing of completed Master Plan updates.

(c) 2024 Development Charges Background Study and By-law Update (FCS23040) (City Wide) (Item 11.2)

- (i) That Report FCS23040 respecting 2024 Development Charges Background Study and By-law Update, be received.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
ABSENT - Ward 4 Councillor Tammy Hwang
YES - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

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

4. APPROVAL OF MINUTES OF PREVIOUS MEETING

4.2 February 16, 2023 – REVISED

5. CONSENT ITEMS

9.1 Business Improvement Area Sub-Committee Minutes - March 21, 2023

9.2 Various Advisory Committee Minutes

(a) Advisory Committee for Immigrants and Refugees

- (i) December 8, 2022
 - (ii) No-Quorum Report - January 12, 2023
 - (iii) February 9, 2023
 - (iv) March 9, 2023
- (b) Committee Against Racism
- (i) February 28, 2023
- (c) Mundialization Committee
- (i) June 15, 2022
 - (ii) December 21, 2022

10. DISCUSSION ITEMS

- 10.1 Development Charges Stakeholders Sub-Committee Report
23-001, April 13, 2023

12. NOTICES OF MOTION

- 12.1 Area Specific Development Charges

(A. Wilson/Hwang)

That the agenda for the April 20, 2023 Audit, Finance and Administration Committee meeting, be approved, as amended.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Ward 1 Councillor Maureen Wilson
- YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
- YES - Ward 4 Councillor Tammy Hwang
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 10 Councillor Jeff Beattie
- YES - Ward 11 Councillor Mark Tadeson
- YES - Ward 13 Councillor Alex Wilson
- YES - Ward 14 Councillor Mike Spadafora

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

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

(i) April 6, 2023 (Item 4.1)

(Tadeson/Spadafora)

That the Minutes of the April 6, 2023 meeting of the Audit, Finance and Administration Committee, be approved, as presented.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
YES - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(ii) February 16, 2023 (Item 4.2)

(Beattie/Tadeson)

WHEREAS, the Communications Items considered at the February 16, 2023 meeting of the Audit, Finance and Administration Committee were inadvertently omitted from the February 16, 2023 Audit, Finance and Administration Committee minutes;

THEREFORE, BE IT RESOLVED:

- (a) That the Minutes of the February 16, 2023 meeting of the Audit, Finance and Administration Committee, be **amended** by including the following:

(d) COMMUNICATIONS (Item 5)

The following Communications Items, were approved, as presented:

- (i) Julie Turner, respecting her resignation from the Hamilton Women and Gender Equity Committee**

Recommendation: Be received.

- (ii) Gabriel Nicholson, respecting motion 11.2 Council Access to and Copies of Confidential Records**

Recommendation: Be received and referred to consideration of Item 11.2, Council Access to and Copies of Confidential Records.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang

YES - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(d) STAFF PRESENTATIONS / PRESENTATIONS (Item 8)

(i) Tax and Rate Operating Budget Variance Report as at December 31, 2022 – Budget Control Policy Transfers (FCS22042(b)) (City Wide) (Item 8.1)

Mike Zegarac, General Manager, Corporate Services, addressed Committee respecting the Tax and Rate Operating Budget Variance Report as at December 31, 2022 – Budget Control Policy Transfers (Report FCS22042(b)), with the aid of a presentation.

(Tadeson/A. Wilson)

That the presentation from Mike Zegarac, General Manager, Corporate Services, respecting the Tax and Rate Operating Budget Variance Report as at December 31, 2022 – Budget Control Policy Transfers (Report FCS22042(b)), be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
ABSENT - Ward 4 Councillor Tammy Hwang
YES - Ward 9 Councillor Brad Clark
ABSENT - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

For further disposition of this matter, refer to Item 1.

(e) CONSENT ITEMS (Item 9)

(A. Wilson/Tadeson)

That the following Consent Items, be received:

(i) Business Improvement Area Sub-Committee Minutes - March 21, 2023 (Added Item 9.1)

(ii) Various Advisory Committee Minutes (Added Item 9.2)

1. Advisory Committee for Immigrants and Refugees
 - (aa) December 8, 2022
 - (ab) No-Quorum Report - January 12, 2023

- (ac) February 9, 2023
- (ad) March 9, 2023

- 2. Committee Against Racism
 - (aa) February 28, 2023
- 3. Mundialization Committee
 - (aa) June 15, 2022
 - (ab) December 21, 2022

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
ABSENT - Ward 4 Councillor Tammy Hwang
YES - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(f) NOTICES OF MOTION

Councillor M. Wilson introduced the following Notice of Motion:

(i) Area Specific Development Charges (Added Item 12.1)

WHEREAS, the City is in the process of undertaking a Development Charges Background Study;

WHEREAS, Section 10 (2) (c.1) of the Development Charges Act, 1997, requires consideration of the use of more than one Development Charge by-law to reflect different needs for services in different areas;

WHEREAS, the Masterplan teams have been directed to consider area specific (variable) Development Charges in the completion of their Masterplans;

WHEREAS, the City currently uses average persons per unit as the basis for determining the Development Charge applicable for low, medium, and high density residential development which results in low density being charged a higher per-unit rate than medium or high density developments; and

WHEREAS, the City of Hamilton is committed to building a range and mix of housing types and tenures, including affordable housing, to meet the needs of the current and growing population;

THEREFORE, BE IT RESOLVED:

- (a) That staff be directed to consider alternative Development Charges which may include variation of the Development Charges based upon factors such as location, type of development, density and unit size/lot size; and
- (b) That consideration also be given to defensible charges which are higher for larger residential units than smaller residential units

(g) PRIVATE AND CONFIDENTIAL (Item 14)

(i) Closed Minutes – April 6, 2023 (Item 14.1)

(T. Wilson/Spadafora)

- (a) That the Closed Session Minutes of the April 6, 2023 Audit, Finance and Administration Committee meeting, be approved as presented; and
- (b) That the Closed Session Minutes of the April 6, 2023 Audit, Finance and Administration Committee meeting, remain confidential.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
ABSENT - Ward 4 Councillor Tammy Hwang
YES - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(h) ADJOURNMENT (Item 15)

(Spadafora/A. Wilson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:03 a.m.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
ABSENT - Ward 4 Councillor Tammy Hwang
YES - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

Respectfully submitted,

Councillor Cameron Kroetsch, Chair
Audit, Finance and Administration
Committee

Tamara Bates
Legislative Coordinator
Office of the City Clerk



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	May 4, 2023
SUBJECT/REPORT NO:	Development Charges Indexing - Effective July 6, 2023 (FCS23047) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Alex Di Domenico (905) 546-2424 Ext. 1434
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

Development Charges Annual Indexing – Percentage

In accordance with the City's Development Charges (DC) By-laws, DC rates are adjusted annually by the percentage change during the preceding year, as recorded in Statistics Canada's Construction Cost Index (non-residential building) (CANSIM Table 18-10-0276-02 (Toronto), formerly 18-10-0135-01/CANSIM 327-0058) as prescribed by the Province's *Development Charges Act*. This adjustment is required to align DC revenues with construction costs and helps ensure the sustainability of the DC reserves for the funding of the City's growth-related capital requirements.

Table 1 illustrates that the percentage change in the 2022 index was 16.22%. The effective date of the indexing is July 6, 2023.

**SUBJECT: Development Charges Indexing – Effective July 6, 2023 (FCS23047)
(City Wide) – Page 2 of 6**

**Table 1
Stats Canada Non-Residential Building Construction Price Index**

Year	Index	Percentage Change
2021	122.1	
2022	141.9	16.22%

Source: Statistics Canada – Table 18-10-0276-02 (Toronto)

With respect to the City of Hamilton's (City's) 2023 DC indexing rate, staff consulted with Watson & Associates Economists Ltd. (Watson).

Watson advised that other municipalities are indexing similar levels of rates (15%-17%). Watson provided rates of other municipalities, which are summarized in Table 2.

**Table 2
Indexing Rates of Other Municipalities**

Municipality	Frequency of Index	Latest Indexing Date	Indexing Rate and Period
Halton Region	Annually	01-Apr-2022	14.9% Q4 2020 – Q4 2021
Grimsby	Annually	01-Jan-2023	15.6% Q3 2021 – Q3 2022
Burlington	Annually	01-Apr-2023	16.22% Average 2021 – Average 2022
Haldimand	Annually	01-May-2022	14.9% Q4 2020 – Q4 2021
Ottawa*	Semi-annually	01-Apr-2023	17.2% Q4 2020 – Q4 2021
London	Annually	01-Jan-2023	15.6% Q3 2021 – Q3 2022

* Ottawa uses their own DC index series so the indexing percentages would be slightly different than Hamilton's other neighbouring municipalities listed.

As required by the *Development Charges Act*, municipalities use the StatsCan Non-Residential Building Construction Price Index Table 18-10-0276-02 for Ottawa or Toronto. Like Hamilton, neighbouring municipalities use the DC index series for Toronto. As illustrated in Table 2, the indexing rate will vary slightly based on the index series, indexing period and effective date of indexing. In conclusion, Hamilton's indexing rate is in line with that of other municipalities and is consistent with the *Development Charges Act* and the City's DC By-laws.

**SUBJECT: Development Charges Indexing – Effective July 6, 2023 (FCS23047)
(City Wide) – Page 3 of 6**

Development Charges Annual Indexing – Amounts

There are two DC By-laws administered by the City. Firstly, By-law 19-142 (as amended) respecting the collection of DCs for growth-related City services and secondly, By-law 11-174 (as amended) respecting the collection of DCs to pay for the City's contribution towards Metrolinx (GO Transit) growth capital. Both By-laws are consistent with respect to the indexation timing of the rates.

Note that each individual service category is indexed which may result in the overall increase being slightly more / less than applying the 16.22% index rate to the overall total. Tables 3, 4, 5, and 6 show the impact on the overall City DC after each individual service category has been indexed.

Table 3 illustrates the Residential City DC rates for developments in combined sewer system areas and Table 4 illustrates the Residential City DC rates for developments in separated sewer system areas.

**Table 3
Residential City DC Rates for Combined Sewer System**

Residential DCs (\$ per unit unless otherwise stated)	City DCs Current (2022-2023\$)	City DCs Indexed (2023-2024\$)	Increase Due to Indexing
Single/Semi	50,018	58,127	8,109
Townhouse/Other Multiple	35,800	41,607	5,807
Apartment (2+ bdrms)	29,292	34,042	4,750
Apartment (1 bdrm)	20,037	23,287	3,250
Residential Facility (\$ per bed)	16,157	18,778	2,621

Note: The City DCs above do not include Special Area Charges which are not subject to annual indexing.

**Table 4
Residential City DC Rates for Separated Sewer System**

Residential DCs (\$ per unit unless otherwise stated)	City DCs Current (2022-2023\$)	City DCs Indexed (2023-2024\$)	Increase Due to Indexing
Single/Semi	57,622	66,964	9,342
Townhouse/Other Multiple	41,243	47,932	6,689
Apartment (2+ bdrms)	33,745	39,217	5,472
Apartment (1 bdrm)	23,083	26,827	3,744
Residential Facility (\$ per bed)	18,615	21,635	3,020

Note: The City DCs above do not include Special Area Charges which are not subject to annual indexing.

**SUBJECT: Development Charges Indexing – Effective July 6, 2023 (FCS23047)
(City Wide) – Page 4 of 6**

Table 5 illustrates the Non-Residential City DC rates for developments in combined sewer system areas.

**Table 5
Non-Residential City DC Rates for Combined Sewer System**

Non-Residential DCs (\$ per sq. ft.)	City DCs Current (2022-2023\$)	City DCs Indexed (2023-2024\$)	Increase Due to Indexing
Non-Industrial	21.61	25.08	3.47
Industrial	12.86	14.92	2.06
New Non-Industrial^[1] (i.e. Commercial, Institutional)			
1 st 5,000 sq. ft.	10.81	12.54	1.73
2 nd 5,000 sq. ft.	16.21	18.81	2.60
10,000+ sq. ft.	21.61	25.08	3.47

^[1] New non-industrial developments within a CIPA or BIA and new office development (medical clinic excluded) receive reduced stepped rates as illustrated above.

Table 6 illustrates the Non-Residential City DC rates for developments in separated sewer system areas.

**Table 6
Non-Residential City DC Rates for Separated Sewer System**

Non-Residential DCs (\$ per sq. ft.)	City DCs Current (2022-2023\$)	City DCs Indexed (2023-2024\$)	Increase Due to Indexing
Non-Industrial	24.13	28.01	3.88
Industrial	14.39	16.70	2.31
New Non-Industrial^[1] (i.e. Commercial, Institutional)			
1 st 5,000 sq. ft.	12.07	14.01	1.94
2 nd 5,000 sq. ft.	18.10	21.01	2.91
10,000+ sq. ft.	24.13	28.01	3.88

^[1] New non-industrial developments within a CIPA or BIA and new office development (medical clinic excluded) receive reduced stepped rates as illustrated above.

**SUBJECT: Development Charges Indexing – Effective July 6, 2023 (FCS23047)
(City Wide) – Page 5 of 6**

Table 7 illustrates the index impact on Metrolinx (GO Transit) DC Rates. Metrolinx (GO Transit) DCs are only collected from residential development.

Note that the indexed rate may be slightly different than applying the 16.22% to the existing rate. This difference is due to the fact that when the index calculation is prepared, the original Metrolinx (GO Transit) DC (e.g. \$215 per single / semi from 2011) is multiplied by all annual indexing factors to get the DC up to the current rate which results in a slight rounding difference.

**Table 7
Metrolinx (GO Transit) DC Rates**

Residential DCs (\$ per unit unless otherwise stated)	GO DCs Current (2022-2023\$)	GO DCs Indexed (2023-2024\$)	Increase Due to Indexing
Single/Semi	307	357	50
Townhouse/Other Multiple	220	256	36
Apartment (2+ bdrms)	190	221	31
Apartment (1 bdrm)	127	148	21
Residential Facility (\$ per bed)	100	116	16

Appendix “A” to Report FCS23047 is the City’s Development Charges Pamphlet which will be posted on the City’s DC website and made available to the public. The Pamphlet provides a summary schedule of the current rates and provisions contained within the DC By-laws. Special area charges and educational DCs are also outlined, where applicable.

With respect to the communication strategy for DC indexing, staff provided a memo / communication to the members of the Development Industry Liaison Group (DILG). Also, along with the DC pamphlet, staff will be providing notice of the DC indexing rate on the City’s DC website. The City’s social media accounts will be utilized to provide notice as well.

Transition Policy

DCs are payable upon building permit issuance with some exceptions.

Effective January 1, 2020, the Province implemented exceptions that are detailed in Report FCS21025, presented at the March 25, 2021 meeting of the Audit, Finance, and Administration Committee. The rate payable is legislated through the *Development Charges Act* and is either the rate in effect on the date of building permit issuance or the rate that was in effect at site plan or site-specific zoning amendment application date plus interest to the building permit issuance date. Interest is calculated according to the City’s DC Interest Policy (FPAP-DC-002). The interest rate is capped at average prime of the five major banks plus one percent, adjusted quarterly, as per the *Development Charges Act*, clause 26.3(2)3.

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: Development Charges Indexing – Effective July 6, 2023 (FCS23047)
(City Wide) – Page 6 of 6**

For developments already in progress and nearing permit issuance, and where a site plan or site-specific zoning amendment application is not applicable, a transition policy was included as part of DC By-law 19-142 (as amended). The transition policy allows for the DC rates, in effect on the date of building permit application, to be paid provided that **all** of the following criteria are met:

- The permit application must be a complete application as per requirements outlined by the Building Services Division;
- The permit must be issued within six months of the effective date of the first rate increase following application; and,
- The permit must not be revoked after the date of a rate increase.

Other DC Updates Effective on July 6, 2023

The DC Downtown Hamilton Community Improvement Project Area (CIPA) exemption will remain at 40% July 6, 2023 – June 12, 2024.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS23047 – DC Pamphlet July 6, 2023 to June 12, 2024

AD/LG/KW/dt

CITY OF HAMILTON
Development Charges (DC) Information – Pamphlet
Summary of By-laws 19-142 (as amended) and 11-174 (as amended)

Rates Effective
July 6, 2023 – June 12, 2024

Please ensure the effective date of this pamphlet corresponds with your needs.

The information contained within is intended only as a guide. Interested parties should review the approved By-laws.

Purpose of DCs:

The purpose of DCs is to recover the growth-related costs associated with the capital infrastructure needed to service new development and redevelopment within the municipality.

By-Laws for the City of Hamilton:

By-law No. 19-142 (as amended) – City DCs
By-law No. 11-174 (as amended) – GO Transit DCs

Rates shall be indexed on July 6 each year by the percentage change recorded in the average annual Non-Residential Construction Price Index for Toronto produced by Statistics Canada. Table: 18-10-0276-02 (formerly 18-10-0135-01 / CANSIM 327-0058)

Payment of DCs:

DCs are payable at the time of building permit issuance and are collected by the City of Hamilton Building Department. Pursuant to legislative changes which came into effect as of January 1, 2020, DCs for the following types of developments are eligible to be paid in instalments:

- Rental Housing (6 annual instalments commencing at occupancy)
- Institutional (6 annual instalments commencing at occupancy). This category includes long-term care homes; retirement homes; universities and colleges; memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion; and hospices.

The City also offers deferrals for developments in the ERASE Redevelopment Grant Program (ERG), non-residential and apartment developments, subject to availability. Please connect with staff for further details (contact information below).

DC Rate Lock-In:

As per Section 26.2 of the DC Act, the DC rate charged to a development will be based on the application date of a Site Plan Application or a Site-specific Zoning Amendment, if such application is applicable, and only where such application is applied for on or after January 1, 2020 and the related building permit is issued within two years of the approval of the related application. Interest charges will apply. Please connect with staff for further details.

Demolition Credits:

A credit is allowed for demolitions for a period of 5 years from the date of issuance of the demolition permit. The dollar value of the credit is based on the rate in effect at the time of redevelopment and on the exemption status of the demolished/redeveloped building at the time of redevelopment (i.e. no credit if the demolished building is exempt under the current By-Law). Note that the credit for residential demolitions expires 2 years and 5 years from the date of demolition permit issuance for HWDSB (Public) and HWCDDB (Catholic) Education DCs, respectively, non-residential is 5 years.

Transition Policy:

Normally, the DC rate payable is the rate in effect on the day that the building permit is issued. However, where the DC Rate lock-in per Section 26.2 of the DC Act does not apply, the City's policy is that the DC rate payable is the rate in effect on the date that a complete building permit application is received and accepted by the City's Chief Building Officer, provided that the building permit is issued within 6 months of the first rate increase following application. If the building permit is revoked on or after the date of the rate increase, the rates in effect on the date of permit issuance will be payable. Please note: this is not applicable to Education DCs or in cases where the DC Rate Lock-in is applicable.

Credits and Exemptions:

Refer to attached pages for rate highlights as well as exemption and credit policies.

Treasurer's Statement:

The City Treasurer prepares an annual statement regarding the use of DC funds and sets out the balance in each of the DC reserves.

Copies of By-laws and Treasurer's Statement:

Copies of the DC By-laws as well as the Treasurer's statement are available from the Clerk's office on the 1st Floor of City Hall, 71 Main St. W., Hamilton, Ontario L8P 5Y4 and on the City's [website](#).

For further information regarding DCs, contact:

Finance at DCRequest@hamilton.ca (ext. 4400) or Building at 905-546-2720

Please check with City Staff at Parklandrequest@hamilton.ca regarding Parkland Dedication fees and CBCRequest@hamilton.ca regarding Community Benefits Charges which may apply and are separate and distinct from Municipal DCs.

DC Policies approved by City of Hamilton Council do not impact Education DCs which are controlled and set by the HWCDDB and HWDSB.

Service	RESIDENTIAL (\$)					NON-RESIDENTIAL (\$) (note a)	
	Single-Detached Dwelling & Semi-Detached Dwelling (per dwelling unit)	Townhouses & Other Multiple Unit Dwellings (per dwelling unit)	Apartments & Stacked Townhouses & Mobile Homes 2-Bedrooms+ (per dwelling unit)	Apartments & Stacked Townhouses & Mobile Homes Bachelor & 1-Bedrooms+ (per dwelling unit)	Residential Facility Dwelling & Lodging House & Garden Suite (per bedroom)	(per sq.ft. of Gross Floor Area)	(per sq. m.)
Municipal Wide "Soft" Services:							
Parkland Development	3,518	2,517	2,059	1,409	1,137	0.16	1.72
Indoor Recreation Services	6,695	4,792	3,920	2,682	2,163	0.30	3.23
Library Services	1,554	1,111	910	622	501	1.36	14.64
Growth Studies	549	392	322	220	178	0.28	3.01
Long Term Care	246	177	145	99	80	0.02	0.22
Public Health	3	2	2	1	1	-	-
Child Care and Early Years	21	15	13	8	6	-	-
Provincial Offences Act	55	40	31	22	17	0.02	0.22
Total Municipal Wide "Soft" Services	12,641	9,046	7,402	5,063	4,083	2.14	23.03
Municipal Wide "Hard" Services:							
Services Related to a Highway	14,608	10,456	8,555	5,853	4,720	10.92	117.54
Public Works	1,092	781	639	437	352	0.56	6.03
Police Services	711	509	416	285	229	0.36	3.88
Fire Protection Services	626	450	367	251	202	0.31	3.34
Ambulance Services	201	144	119	80	65	0.02	0.22
Transit Services	2,600	1,862	1,524	1,042	840	1.32	14.21
Waste Diversion	990	708	579	396	321	0.17	1.83
Total Municipal Wide "Hard" Services	20,828	14,910	12,199	8,344	6,729	13.66	147.03
Total Municipal Wide - "Soft" and "Hard" Services	33,469	23,956	19,601	13,407	10,812	15.80	170.07
Wastewater and Water Services (note b)							
Wastewater Facilities	5,491	3,930	3,216	2,200	1,775	2.65	28.52
Wastewater Linear Services	7,346	5,259	4,301	2,943	2,372	3.53	38.00
Water Services	6,466	4,629	3,787	2,592	2,090	3.10	33.37
Stormwater Services - Combined Sewer System							
Stormwater Drainage and Control Services (note c)	5,355	3,833	3,137	2,145	1,729	-	-
Stormwater Services - Separated Sewer System							
Stormwater Drainage and Control Services (note c)	14,192	10,158	8,312	5,685	4,586	2.93	31.54
Total Urban Services - Combined Sewer System	24,658	17,651	14,441	9,880	7,966	9.28	99.89
Total Urban Services - Separated Sewer System	33,495	23,976	19,616	13,420	10,823	12.21	131.43
CITY DC TOTAL - COMBINED SEWER SYSTEM	58,127	41,607	34,042	23,287	18,778	25.08	269.96
CITY DC TOTAL - SEPARATED SEWER SYSTEM	66,964	47,932	39,217	26,827	21,635	28.01	301.50
Other Development Charges							
Go Transit (City-Wide)	357	256	221	148	116	-	-
Education - HWDSB (Public - note d)	1,573	1,573	1,573	1,573	1,573	0.50	5.38
Education - HWCDDB (Catholic - note d)	1,701	1,701	1,701	1,701	1,701	0.55	5.92
TOTAL BEFORE SPECIAL AREA CHARGES - COMBINED SEWER SYSTEM	61,758	45,137	37,537	26,709	22,168	26.13	281.26
TOTAL BEFORE SPECIAL AREA CHARGES - SEPARATED SEWER SYSTEM	70,595	51,462	42,712	30,249	25,025	29.06	312.80
Special Area Charges							
Dundas/Waterdown (note e)	1,971	1,410	1,154	789	637	1.04	11.19
GRAND TOTAL AFTER SPECIAL AREA CHARGES - COMBINED SEWER SYSTEM	63,729	46,547	38,691	27,498	22,805	27.17	292.46
GRAND TOTAL AFTER SPECIAL AREA CHARGES - SEPARATED SEWER SYSTEM	72,566	52,872	43,866	31,038	25,662	30.10	323.99

<p>Notes:</p> <p>a) There are 2 categories of Non-Residential charges – “Industrial” and “Non-Industrial” as defined in the By-law. See Page 3 for applicable rates.</p> <p>b) Charges applicable to developments outside of the urban area shall be determined with regards to the Urban services required or used.</p> <p>c) Charges related to Stormwater services are differentiated within the geographic location of the development between Combined Sewer System Area and Separated Sewer System Area (identified on Page 5) and shall be determined with regards to the Area-Specific DC calculation for Stormwater services.</p>	<p>d) Education DCs are controlled and set by the respective education boards and collected by the City on their behalf. DC Policies approved by the City of Hamilton do not impact these charges. Full list of exemptions for Education DCs can be found on Page 4.</p> <p>e) Land affected by the Dundas & Waterdown Special Area Charge can be found on Page 6. This charge is not subject to annual indexing.</p>
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Non-Residential Rates:**Industrial**

The City's per square foot charge for industrial development has been discounted from the full non-residential rates to reduced industrial rates shown as follows:

(Per Sq. Ft. of Gross Floor Area)	Reduced Industrial Rate	Full Non-Residential Rate
Combined Sewer System	\$14.92	\$25.08
Separated Sewer System	\$16.70	\$28.01

For expansions of existing industrial developments, enlargement up to 50% of existing gross floor area (gfa): exempt; any amount over 50% of existing gross floor area will pay the industrial rate in effect.

Non-Industrial (Commercial/Institutional)

The rates for new non-industrial developments within a CIPA or BIA and new office development (medical clinic excluded) is phased as follows, between July 6, 2023 – June 12, 2024:

(Per Sq. Ft. of Gross Floor Area)	1 st 5,000 square feet (50% of charge in effect)	2 nd 5,000 square feet (75% of charge in effect)	10,000+ square feet (100% of charge in effect)
Combined Sewer System	\$12.54	\$18.81	\$25.08
Separated Sewer System	\$14.01	\$21.01	\$28.01

For expansions of office development (medical clinic excluded) already in existence as of June 13, 2019, which did not previously receive the new non-industrial rates, the following City rates apply:

- 1st 5,000 square feet of expansion: exempt
- any amount over 5,000 square feet: \$25.08 per square foot with Combined Sewer System Area;
\$28.01 per square foot with Separated Sewer System Area

For all other non-industrial development, the calculated set of rates \$25.08 and \$28.01 per square foot are applied to Combined Sewer System Area and Separated Sewer System Area respectively.

The above exemptions / deductions DO NOT apply to Education DCs and Special Area Charges.

Exemptions (City of Hamilton and GO Transit DCs):**Residential:**

- Non-profit housing development as defined in section 4.2 of the Development Charges Act
- Intensification of existing residential buildings – The following are exempt from DCs: (1) enlargement of a dwelling unit; (2) an addition of up to 2 secondary dwelling units (SDUs) to single detached, semi-detached, and row dwelling units, where one SDU can be detached; (3) the greater of 1 unit or 1% of existing units to a rental building; or (4) 1 unit to any other residential buildings, including the addition of residential dwelling structures ancillary to dwellings (subject to one-time use)
- Intensification of proposed new residential buildings – The following are exempt from DCs: an addition of up to 2 SDUs to single detached, semi-detached, and row dwelling units, where one SDU can be detached (subject to one-time use)
- Redevelopment of an existing residential development for use of creating more residential facilities within the existing building envelope is exempt from 50% of DCs otherwise payable (credit for 100% of previous residential facility use)
- Rental housing: unit with 3+ bedrooms: 25% reduction; unit with 2 bedrooms: 20% reduction; all other: 15% reduction

Non-Residential:

- Agricultural use (bona fide farming/agricultural uses – farm business registration number required, see City DC By-law for further details)
- A temporary building or structure, subject to Section 28 of the City DC By-law
- Parking structure, excluding commercial parking
- Place of worship, excluding revenue-generating space (must be exempt from property taxes)
- Class A office development (min. 20K sq. ft. gfa) within the boundaries of the Downtown Hamilton CIPA – 70% exemption of DCs otherwise payable for the portion below maximum height (refer to page 7 for height map)

Both:

- Heritage buildings – 100% exempt for adaptive reuse within the existing building envelope, excluding sections that are not covered by the Heritage designation
- Downtown Hamilton CIPA exemption (map on page 7) – 40% exemption of DCs otherwise payable for all developments within the boundaries of the Downtown Hamilton CIPA and below maximum height other than Class A office development (cannot be combined/stacked with other DC exemptions)
- Public Art – a dollar for dollar exemption on any remaining DCs payable equal to any amount of contribution by the payer of the DCs to the Downtown Public Art Reserve in an amount not to exceed 10% of the DCs otherwise payable on the height that is within the height restrictions (refer to page 7 for height map)
- Development on land vested in or leased to a public university as defined in the City DC By-law

Please note the majority of these exemptions DO NOT apply to Education DCs.

Please go to [Interactive Mapping | Open Hamilton \(arcgis.com\)](#) and select Downtowns, CIPAs & BIAs to confirm CIPA and BIA boundaries.

Exemptions (Education DCs: Public & Catholic)

Residential:

- Intensification – Enlargement of an existing dwelling unit; creation of 1 or 2 units to an existing single detached dwelling, or 1 unit to any other existing residential building exempted from DCs (subject to gfa restrictions & one-time use)
- Long-term care home, as defined in the *Long-Term Care Homes Act, 2007*
- Retirement home, as defined in the *Retirement Homes Act, 2010*
- Hospice or other facility that provides palliative care services

Non-Residential:

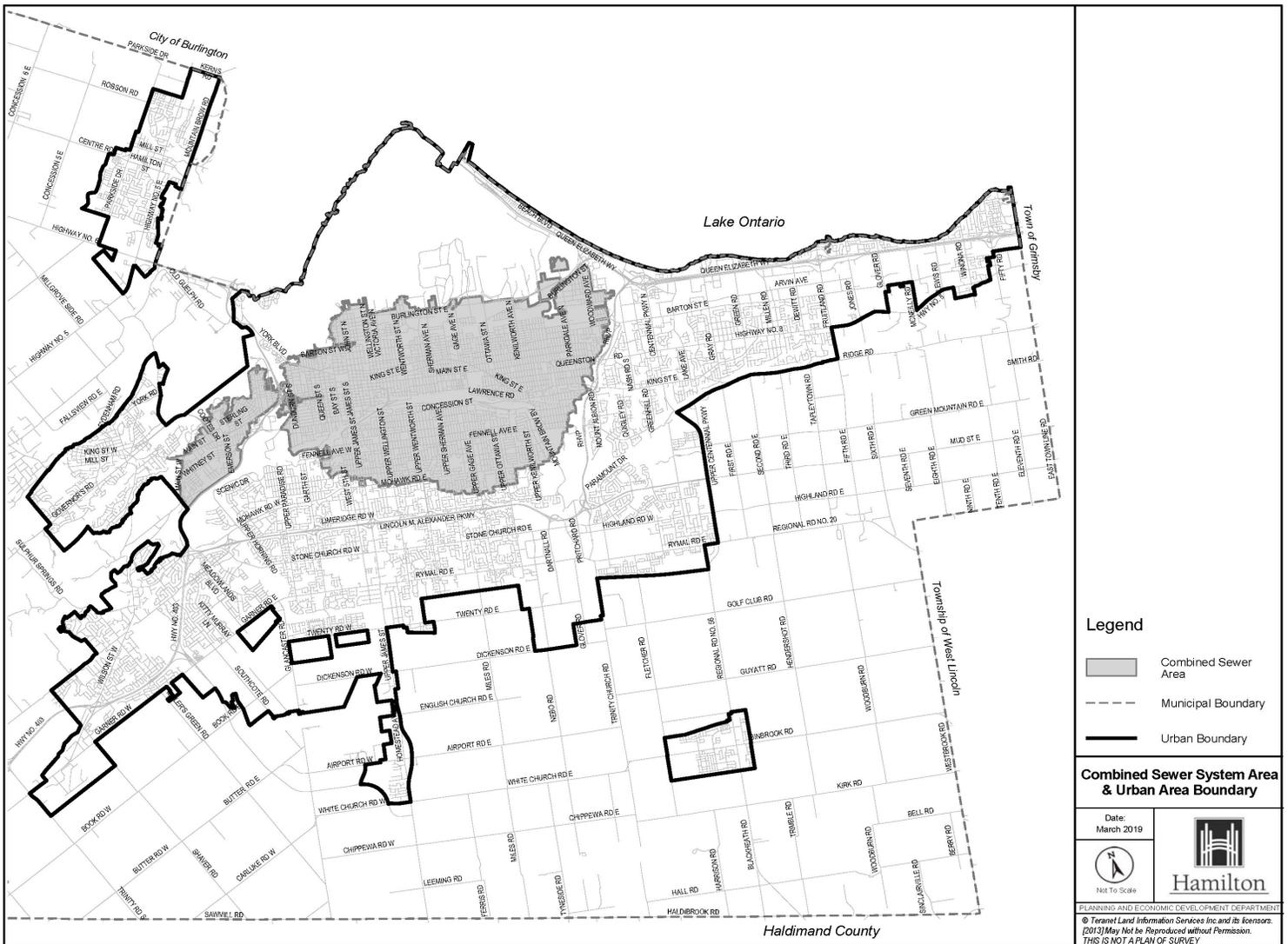
- Public Hospital – Exempt from 100% of DCs if receiving aid under *Public Hospitals Act*
- Place of Worship, churchyard, cemetery, or burial site – 100% exempted (must be exempt from property taxes)
- Non-residential farm buildings – 100% exempted
- Enlargement of existing industrial buildings – Enlargement of up to 50% of existing gfa exempted
- Metrolinx, or a predecessor or successor corporation identified under the *Metrolinx Act, 2006*, C. 16, excluding retail use development
- Private school
- Child care centre, as defined in the *Child Care and Early Years Act, 2014*
- Memorial home, clubhouse or athletic grounds owned by the Royal Canadian Legion
- The owner is a college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*.
- The owner is a university that receives regular and ongoing operating funds from the Government of Ontario for the purposes of post-secondary education.
- The owner is an Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017*. O. Reg. 371/19, s. 1; O. Reg. 263/22, s. 1.
- Lands that are owned by and are used for the purpose of a community college

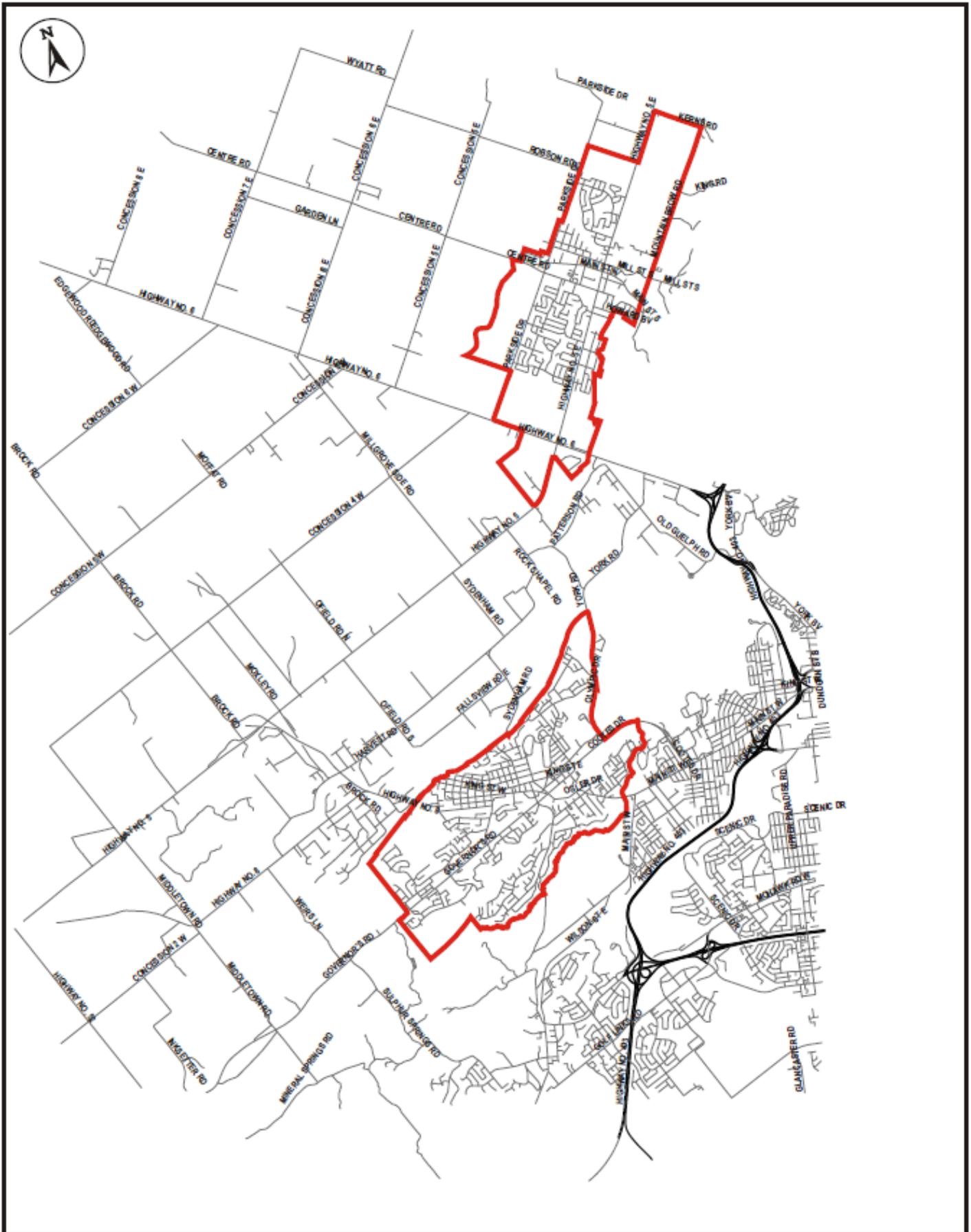
Complaints Procedure:

A person required to pay a DC, or the person's agent, may complain under Section 20 of the DC Act to the Council of the municipality that:

1. the amount of the DC was incorrectly determined;
2. whether a credit is available to be used against the DC, or the amount of the credit or the service with respect to which the credit was given, was incorrectly determined; or
3. there was an error in the application of the DC By-law(s).

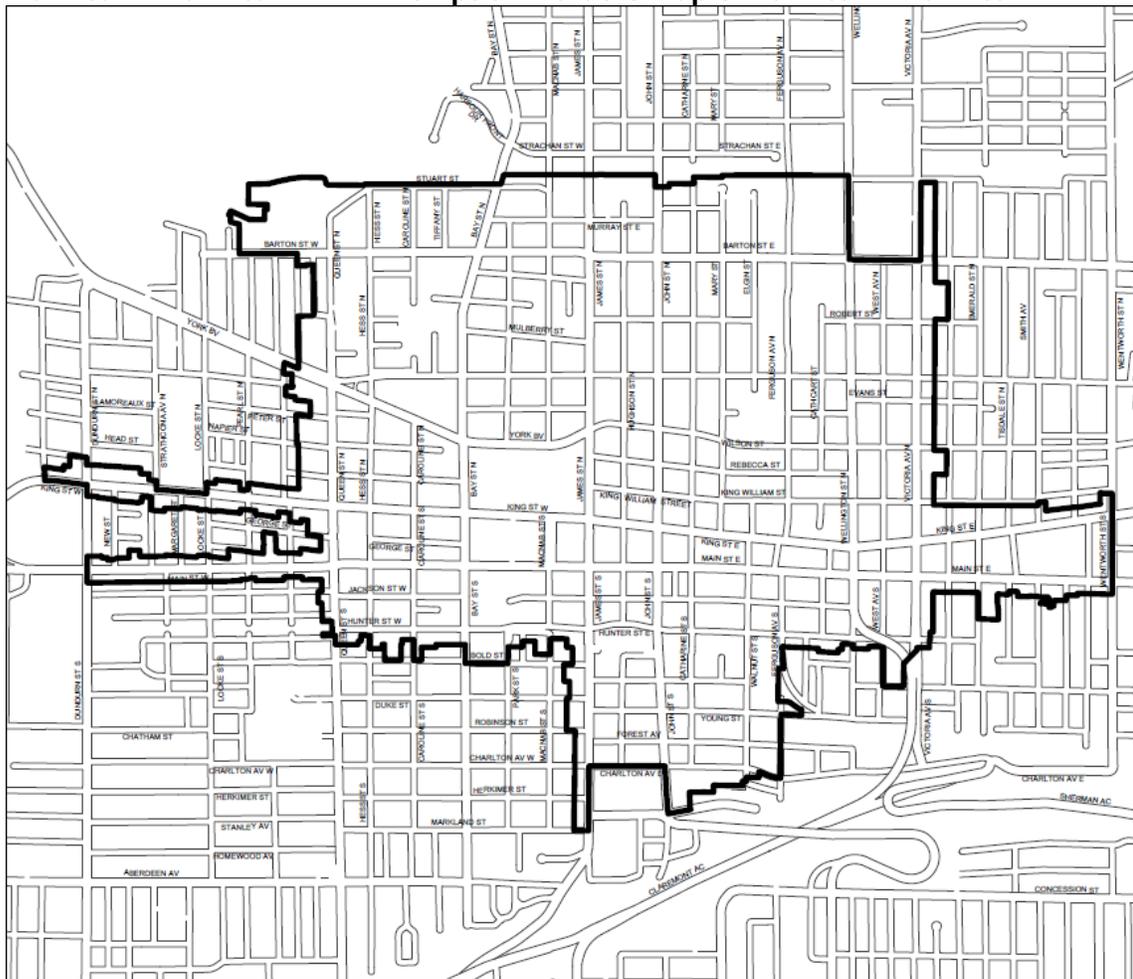
The complaint must be made in writing to the City Clerk with a copy to Corporate Services and must identify that it is a Section 20 complaint and include all information required by the DC Act. The complaint may not be made more than 90 days after the DC, or any part of it, is payable.





To request enlarged version of maps, please email DCRequest@hamilton.ca.

Downtown Hamilton CIPA Exemption Borders Map & Downtown Hamilton CIPA Exemption Height Map



Please go to [Interactive Mapping | Open Hamilton \(arcgis.com\)](https://arcgis.com) and select Downtowns, CIPAs & BIAs to confirm CIPA and BIA boundaries.

CITY OF HAMILTON

MOTION

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE: May 4, 2023

MOVED BY COUNCILLOR M. WILSON

SECONDED BY COUNCILLOR

Area Specific Development Charges

WHEREAS, the City is in the process of undertaking a Development Charges Background Study;

WHEREAS, Section 10 (2) (c.1) of the *Development Charges Act, 1997*, requires consideration of the use of more than one Development Charge by-law to reflect different needs for services in different areas;

WHEREAS, the Masterplan teams have been directed to consider area specific (variable) Development Charges in the completion of their Masterplans;

WHEREAS, the City currently uses average persons per unit as the basis for determining the Development Charge applicable for low, medium, and high-density residential development which results in low density being charged a higher per-unit rate than medium or high density developments; and

WHEREAS, the City of Hamilton is committed to building a range and mix of housing types and tenures, including affordable housing, to meet the needs of the current and growing population;

THEREFORE, BE IT RESOLVED:

- (a) That staff be directed to consider alternative Development Charges which may include variation of the Development Charges based upon factors such as location, type of development, density and unit size/lot size; and
- (b) That consideration also be given to defensible charges which are higher for larger residential units than smaller residential units.

CITY OF HAMILTON

MOTION

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE: May 4, 2023

MOVED BY COUNCILLOR M. WILSON

SECONDED BY COUNCILLOR

Development Charge Background Study – Parklands and Natural Assets

WHEREAS, the City’s Development Charge By-law 19-142 will expire on June 13, 2024;

WHEREAS, growth-related Master Plans will guide the assessment of servicing and infrastructure needs to accommodate the City’s future growth;

WHEREAS, the growth-related Master Plans provide the technical and financial basis used to support the development of the Development Charge Background Study; and

WHEREAS the Development Charge Background Study will provide the basis upon which the new Development Charge By-law will be based;

THEREFORE, BE IT RESOLVED:

- (a) That the Water, Wastewater & Stormwater Master Plan includes consideration for alternative policy approaches to traditional stormwater management techniques by incorporating a climate change lens and non-conventional stormwater management facilities, including open space and parkland areas; and
- (b) That staff review and report back to the Audit, Finance and Administration Committee with options for the development of a framework to account for natural assets within the City’s Development Charge Background Study in future Development Charge By-law updates beyond 2024.