



2019 DEVELOPMENT CHARGES – DRAFT DC BY-LAW POLICY RECOMMENDATIONS

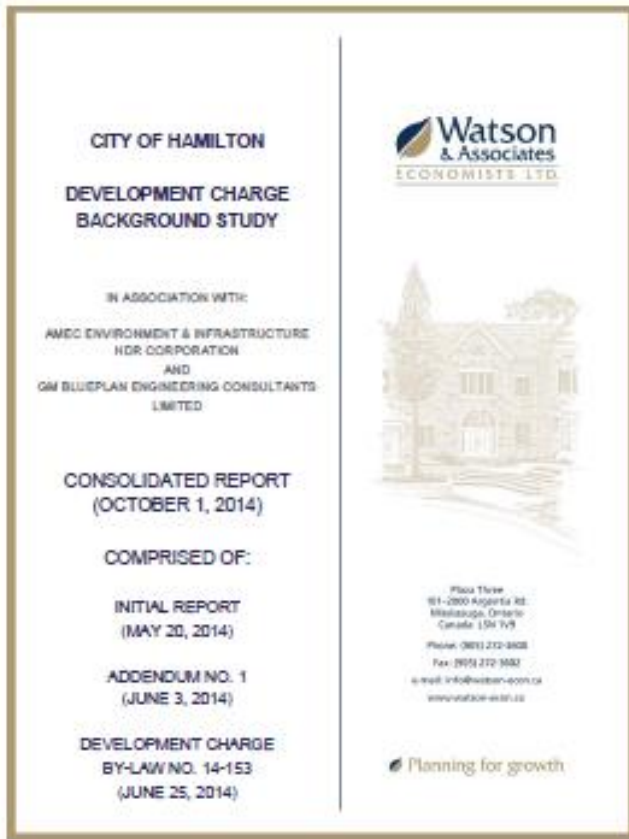
Development Charges Stakeholders Sub-Committee
February 19, 2019

Agenda

- Schedule
- DC Background Study Components
- Motion
- Decisions Required
- Exemption Review (Appendix B to Report FCS18062(a))

2019 DC Background Study including draft 2019 DC by-law available to public	<u>Targeting March 18, 2019 or sooner (amended from March 25)</u> Via website in advance of March 25 DC Stakeholders Sub-Committee
Public Meeting ad placed in newspaper(s)	March TBD, 2019 <i>At least 20 days prior to the public meeting</i>
Public Meeting	April 18, 2019 to be held at Audit, Finance and Administration Committee, and/or a separate evening session <i>at least two weeks after proposed background study and by-law are available to the public</i>
Council considers passage of by-law	AF&A – May 16, 2019 or June 6, 2019 Council – May 22, 2019 or June 12, 2019 (Date dependent on outcome of the Public Meeting) <i>No less than 60 days after the background study is made available to the public</i>
Newspaper and written notice given of by-law passage	<i>By 20 days after passage</i>
Last day for by-law appeal	<i>40 days after passage</i>
City makes available pamphlet (where by-law not appealed)	<i>By 60 days after passage</i>

DC Background Study – Components



- Current City of Hamilton Policy
- Anticipated development in the City of Hamilton
- Development Charge calculation and eligible cost analysis by service
- DC Policy recommendations and DC By-law rules
 - definitions,
 - development charges, and
 - exemptions

Motion

- That staff provide comparators for agriculture DCs in surrounding municipalities - West Lincoln, Lincoln, Haldimand, Halton, Brantford, Brant County
 - Provided to Sub-Committee
- And that the entire draft DC Background Study be released ASAP
 - Schedule amended

Decisions Required

1. Staff are requesting that draft DC Policy (Appendix B) be included in the DC Background Study to ensure its inclusion in the public consultation process
2. Staff be directed to prepare the necessary reports and draft by-laws to amend the City's GO Transit By-law 11-174
3. That a number of items be removed from Outstanding Business List (as they are complete)

Exemption Review

Appendix B to Report FCS18062(a)

Guiding Principles

- A continued revitalization of Downtown Hamilton
- Commercial revitalization of all the City's Community Improvement Project Areas (CIPAs) and Business Improvement Areas (BIAs)
- Continued support for the City's Industrial Sector
- Promoting economic growth in the City's Office sector

Summary of Proposed Exemption Changes

Exemption	High Level Recommendation	Annualized Cost
Parking Structure	Remove	\$ -
Covered Sports Field	Remove	\$ -
Small Industrial Rate	Remove	\$ -
Academic – Post secondary / Not-for- profit	Remove	\$ -
Affordable Housing	Remove	Alternate program
Places of Worship	Maintain	\$ 400,000
Public Hospitals	Maintain	\$ 5,000
Public Art	Maintain	\$ 180,000
Heritage Buildings	Maintain	\$ 150,000
Redevelopment for Residential Facility	Maintain	\$ 6,000
Industrial Rate	Maintain	\$ 2,600,000
Expansion of existing industrial (in excess of Act requirement)	Maintain	\$ 1,500,000
Transition Policy	Maintain	\$ 1,690,000
Student Residences	Modify	\$ 960,000
Agriculture	Modify	\$ 360,000
New non-industrial stepped rates	Modify	\$ 1,000,000
Expansion of existing non-industrial	Modify	\$ 160,000
Downtown Hamilton CIPA	Modify	\$ 3,250,000
Laneway Houses	Add	\$ 230,000
TOTAL		\$ 12,491,000

Parking Structures

Current Policy:

Parking garages and structures, including outdoor parking lots located at grade are 100% exempt from City DCs.

DC Exemption Review Recommendation:


Continue to exempt parking structures which are associated with the development of, and serve the needs of, residential, mixed use or non-residential uses; charge DCs for other parking structures (e.g. standalone revenue generating parking facilities) – no requirement to fund other parking exemptions.

Staff Recommendation:

Remove exemption, charge DCs for commercial parking.

Alternative:

Continue to exempt all forms of parking.
Estimated cost: \$4.0 M over 10 years.

Staff Recommended Policy: Annualized Cost	
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Covered Sports Field

Current Policy:

A covered sports field is 100% exempt from City DCs. Spectator and commercial areas are charged.

DC Exemption Review Recommendation:

No specific recommendation provided.

Staff Recommendation:

Remove exemption, charge covered sports fields.

Alternative:

Continue to provide an exemption to covered sports fields.
Estimated cost: \$0.9 M over 10 years.

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Small Industrial Rate

Current Policy:

For new industrial developments that are less than 10,000 square feet, the industrial rate is set at 75% of the effective non-residential industrial rate.

DC Exemption Review Recommendation:

Not applicable.

Staff Recommendation:

Remove exemption, do not provide a lower rate for small industrial developments.

Alternative:

Continue to discount new industrial developments under 10,000 square feet by levying only 75% of the industrial rate.

Estimated cost: \$1.3 M over 10 years.

Staff Recommended Policy: Annualized Cost
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Academic – Post Secondary / Not-for-profit elementary/secondary

Current Policy:

Development of Academic Space is exempt from City DCs, save and except for the transit component of the City DC.

DC Exemption Review Recommendation:

Remove exemption where permitted (Crown Agents exempt).

Staff Recommendation:

Remove academic space exemption.

Require documentation from developer to support mandatory exemption as a Crown agent.

Alternative:

Continue to charge only the Transit component of the DC for academic space.
Estimated cost: \$85.0 M over 10 years.

Staff Recommended Policy: Annualized Cost
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Affordable Housing

Current Policy:

An affordable housing project that has been approved to receive other government funding, where funding is not provided for DC liabilities, is 100% exempt from City DCs.

DC Exemption Review Recommendation:

It is recommended that a new affordable housing incentive program be developed that is outside the DC By-law.

Staff Recommendations:

Remove exemption, do not exempt affordable housing within the DC By-law.

AND


That Housing Services be directed to draft an **affordable housing grant program** prior to the passing of the 2019 DC By-law.

Alternative:

Continue to exempt affordable housing in the DC By-law, edit wording to apply on a unit basis rather than a project basis.

Estimated cost: \$5.5 M over 10 years.

Staff Recommended Policy: Annualized Cost

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Places of Worship

Current Policy:

A place of worship is 100% exempt from City DCs.

DC Exemption Review Recommendation:

No specific recommendation provided.

Staff Recommendation:

Maintain exemption, clarify that revenue generating space is not exempt.

Alternative:

Do not provide an exemption for places of worship.

Estimated cost: \$0

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Public Hospitals

Current Policy:

Development of a Public Hospital is exempt from 50% of the City DCs otherwise payable under the DC By-law.

DC Exemption Review Recommendation:

No specific recommendation provided.

Staff Recommendation: Maintain 50% exemption.

Alternative:

Do not provide an exemption for public hospitals.
Estimated cost: \$0.

Staff Recommended Policy: Annualized Cost
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Downtown Public Art Reserve voluntary contributions

Current Policy:

Developments within the Downtown Hamilton CIPA are eligible to receive a dollar-for-dollar exemption for voluntary contributions made to the Downtown Public Art Reserve, to a maximum of 10% of the calculated City DC before CIPA exemption.

DC Exemption Review Recommendation:

No specific recommendation provided.

Staff Recommendation:

Maintain exemption, place an annual limit of \$250K on the contributions that will be accepted by the City under this program.

Alternative:

Remove exemption, budget annually through the City’s budget process.
Estimated cost: \$1.8 M over 10 years.

Staff Recommended Policy: Annualized Cost
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Heritage Buildings

Current Policy:

Adaptive Reuse of Protected Heritage Properties is exempt from City DCs within the existing building envelope.

DC Exemption Review Recommendation:

No specific recommendation provided.

Staff Recommendation:

Maintain exemption, within existing building envelope except for sections that are not covered by the Heritage designation.

Alternative:

Do not provide an exemption for the Adaptive Reuse of Heritage Properties.
Estimated cost: \$0.

Staff Recommended Policy: Annualized Cost
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Redevelopment for Residential Facility

Current Policy:

50% DC exemption where residential facility units are being added inside an existing residential building. 100% credit for previous residential facility units.

DC Exemption Review Recommendation:

No specific recommendation provided.

Staff Recommendation: Maintain exemption.

Alternative:

Do not provide any exemption for redevelopment for use as a residential facility. Estimated cost: \$0.

Staff Recommended Policy: Annualized Cost
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Industrial Rate

Current Policy:

Industrial developments are only charged 100% of the water and wastewater and 65% of the services related to a highway components of the DC. This equates to a 39% reduction from the calculated rate.

DC Exemption Review Recommendation:

Reduced rate exemption (39% reduction) should continue.

Staff Recommendation:

Maintain exemption, continue with 39% reduction, by charging 100% of the water and wastewater and adjust the percentage charged for services related to a highway component to achieve a combined reduction of 39%.

Alternative:

None.

Staff Recommended Policy: Annualized Cost	
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Expansion of an existing Industrial development

Current Policy:

An industrial development can expand, whether attached or detached, up to 50% of the existing gross floor area (gfa) on site each time a permit is issued. Any expansion in excess of the 50% calculation is charged the industrial rate.

DC Exemption Review Recommendation:

Not applicable.

Staff Recommendation:

Maintain the 50% Industrial expansion exemption as written in the current DC By-law.

Alternative:

Require that industrial expansions be attached to an existing structure in order to receive 50% expansion exemption.

Estimated cost: \$0.

Staff Recommended Policy: Annualized Cost
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Alternate
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Transition Policy

Current Policy:

The 2014 DC By-law phased in the DC rate increase, provided a one-time transition based on site plan application date and provides an annual transition based on permit application date.

DC Exemption Review Recommendation:

No specific recommendation provided.

Staff Recommendation:

Maintain the transition policy tied to building permit application.

Alternative:

None.

Staff Recommended Policy: Annualized Cost

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Student Residences

Current Policy:

Development of a student residence by a university, college of applied arts, or other accredited post-secondary institution is exempt from 50% of the City DCs otherwise payable under the DC By-law.

DC Exemption Review Recommendation:

Remove exemption.

Staff Recommendation:

Maintain exemption until June 30 2020, then **remove** the 50% exemption effective July 1, 2020.

Alternative:

Remove 50% exemption effective immediately.

Estimated cost: \$0.

Staff Recommended Policy: Annualized Cost

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Agriculture

Current Policy:

Agriculture, including farm help houses, is 100% exempt from DCs.

DC Exemption Review

Recommendation:

No specific recommendation provided.

Staff Recommendations:

- **Do not exempt** farm help houses.
- Require a farm business registration number to receive the agriculture DC exemption.
- **Phased approach to the DC exemption for agriculture:**
 July 6, 2019 – July 5, 2020 – 100% exemption
 July 6, 2020 – July 5, 2021 – 75% exemption
 July 6, 2021 – July 5, 2024 – 50% exemption
- **Redefine agriculture definition** to exclude cannabis growing and processing, charge the industrial DC rate.

Alternatives:

1. Continue to exempt agriculture at 100%. Estimated cost: \$5.5 M over 10 years (\$2.8 M over five years). Direct staff to review increasing the farmland class tax ratio.
2. Do not define redefine agriculture to exclude cannabis growing and processing. Estimated cost: \$13.0 M over 10 years.

Staff Recommended Policy: Annualized Cost

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New Non-industrial (Commercial/Institutional) stepped rates

Current Policy:

1st 5,000 square feet pay 50% of calculated charge
 2nd 5,000 square feet pay 75% of calculated charge
 10,000+ square feet pay 100% of calculated charge

DC Exemption Review Recommendations:

Non-industrial stepped rate DC exemption should be removed from non-office based commercial and institutional developments.

DC exemption should be maintained for office development, excluding medical office.

Staff Recommendations:

Continue stepped DC rates for office, **excluding medical office**.

Continue stepped DC rates within the City's CIPAs and BIAs.

Remove stepped rates for all other development.

Alternative:

Continue stepped rates for all non-industrial development.
 Estimated cost: \$27.5 M over 10 years.

Staff Recommended Policy: Annualized Cost
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Expansion of Existing Non-Industrial (Commercial/Institutional)

Current Policy:

That the initial 5,000 ft² of gross floor area of an expansion be exempted, provided that the development did not receive the stepped DC rates in the past.

DC Exemption Review Recommendation:

Remove non-industrial expansion exemption.

Staff Recommendation:

Continue to provide a 5,000 ft² exemption for office, **excluding medical office.**

Remove exemption for all other non-industrial development.

Alternative:

Remove non-industrial expansion DC exemption.
Estimated cost: \$0.

Staff Recommended Policy: Annualized Cost
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Downtown Hamilton CIPA

Current Policy:

All development within the Downtown Hamilton CIPA receives a 70% exemption for all height that is within the heights that were approved with the Downtown Hamilton Secondary Plan.

DC Exemption Review Recommendations:

Reduce CIPA exemption (phased approach). Continue to apply to residential, non-residential and mixed use development except for standalone major office development. Continue to provide 70% CIPA exemption for standalone major office developments (Class A) greater than 20,000 ft² gross floor area.

Staff Recommendations:

Continue to provide 70% CIPA exemption for standalone major office developments (Class A - greater than 20,000 ft² gross floor area).

For other development within the **Phased approach to the Downtown Hamilton CIPA exemption:**

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

Alternative:

A different phased approach could be used.

Year 1 – 50%, Year 2 – 40%, Year 3 – 30%, Year 4 – 20%, Year 5 – 10%

Estimated cost: \$10.1 M over five years

Staff Recommended Policy: Annualized Cost
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Laneway Housing

Current Policy:

None.

DC Exemption Review Recommendation:

Not applicable.

Staff Recommendation:

Exempt laneway housing.

Alternative:

Do not provide an exemption for laneway housing.
Estimated cost: \$0.

Staff Recommended Policy: Annualized Cost
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Alternate
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Non-industrial uses charged industrial rate

Current Policy:

Self-storage facilities and hotels are charged the industrial DC rate.

DC Exemption Review Recommendation:

Not applicable.

Staff Recommendation:

Do not provide the industrial rate for self-storage facilities or hotels.

Provide the industrial rate for film, production and artists studios.

Estimated cost: minor, able to be covered by existing allocation for reduced industrial rate.

Alternative:

Only provide the industrial rate to industrial developments.

Estimated cost: \$0.

Proposed Amendments

- ERASE
 - Formalize through DC Deferral
- DC Deferrals
 - Increase Staff authority to deal with extensions, podium developments and ERASE

No Proposed Changes

- Temporary buildings
- Redevelopment/Demolition credits
- Indexing
- Demolition credit extensions



Hamilton

THANK YOU