



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	November 7, 2019
SUBJECT/REPORT NO:	Habitat for Humanity Hamilton's Request for Reimbursement of Fees for Habitat Developments (FCS19084) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Samantha Blackley (905) 546-2424 Ext. 2132 Lindsay Gillies (905) 546-2424 Ext. 2790
SUBMITTED BY: SIGNATURE:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department

RECOMMENDATION(S)

- (a) That Habitat for Humanity Hamilton's request for reimbursement of the City Development Charges, totalling \$130,695.25 for 12 Wickham Avenue, 2-10 Dennis Avenue and 278 Wilson Street be approved and funded from Reserve "110041 Social Housing Stabilization";
- (b) That Habitat for Humanity Hamilton's request for reimbursement of the Waterdown Special Area Development Charge of \$3,441 for 2-10 Dennis Avenue be approved and funded from Reserve "110041 Social Housing Stabilization";
- (c) That Habitat for Humanity Hamilton's request for reimbursement of the Cash in Lieu of Parkland Dedication assessed for the 12 Wickham Avenue and 278 Wilson Street, totalling \$13,500, be denied;
- (d) That Habitat for Humanity Hamilton's request for reimbursement of \$537 in Building Division fees (Building, Water and Sewer permit fees) be denied;
- (e) That Habitat for Humanity Hamilton's request for a reimbursement of the OPA 28 fee of \$4,341 for 2-10 Dennis Avenue be denied;

- (f) That the subject matter respecting “Request for Development Charge and Parkland Dedication Reimbursement to Habitat for Humanity Hamilton” be identified as complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

EXECUTIVE SUMMARY

Audit, Finance and Administration Committee, at its meeting on August 15, 2019, received as Item 8.1, a presentation from Sean Ferris, Executive Director, Habitat for Humanity Hamilton, requesting reimbursement of the City Development Charges (DCs), Waterdown Special Area DC, Parkland Dedication fees, Building Permit fees and the OPA 28 fee for three Habitat for Humanity Hamilton development projects. Staff was directed to report back to the Audit, Finance and Administration Committee with recommendations and options for reductions in the fees charged to Habitat for Humanity Hamilton.

Habitat for Humanity Hamilton has requested reimbursement of charges paid for 12 Wickham Avenue, 2-10 Dennis Avenue and 278 Wilson Street as detailed in Appendix “A” to Report FCS19084. The requested reimbursement of \$152,464.25 was collected by the City throughout the development process. Habitat for Humanity Hamilton identifies that the reimbursement will help increase their ability to strengthen their program, provide self-reliance and build more affordable housing units in the community.

Staff has reviewed the requested reimbursements and recommends that the City DCs and the Waterdown Special Area DC, totalling \$134,136.25, be reimbursed.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Staff is recommending reimbursements of City DCs and the Waterdown Special Area DC. The *Development Charges Act, 1997*, as amended, does not permit a municipality to charge one type of development less at the expense of other developers. Therefore, any exemptions or reimbursements need to be funded from an alternative source so that the DC Reserves are in the same status as if the exemption or reimbursement had not occurred.

As detailed in Appendix “A” to Report FCS19084, the recommended reimbursements total \$134,136.25. Staff recommends that the reimbursement of both the City DCs and the Waterdown Special Area DC be funded from Reserve “110041 Social Housing Stabilization” as this Reserve’s purpose is to “provide development charge exemptions for affordable housing”.

SUBJECT: Habitat for Humanity Hamilton's Request for Reimbursement of Fees for Habitat Developments (FCS19084) (City Wide) – Page 3 of 7

Staffing: N/A

Legal: A common concern when considering reimbursements of DCs is the bonusing provisions under the *Municipal Act, 2001*. Habitat for Humanity Hamilton is a registered charitable non-profit organization and therefore, the bonusing provisions are not a concern.

HISTORICAL BACKGROUND

Habitat for Humanity Hamilton was founded in 1991 and is a registered charity and non-profit organization that builds affordable housing and promotes home ownership to the community. On August 15, 2019, the Audit, Finance and Administration Committee received a presentation from Sean Ferris, Executive Director, Habitat for Humanity Hamilton requesting a reimbursement in the fees charged to three of their developments, totalling \$152,464.25. Appendix "A" to Report FCS19084 outlines the projects, permits, timing and charges requested for reimbursement by Habitat for Humanity Hamilton.

Historically, Habitat for Humanity Hamilton has been granted both DC and Parkland Dedication reimbursements by Council through the approval of reports such as PED13009 and PED15027.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None – Precedent for waiving / reimbursing DCs on non-profit developments already exists: YFC / Youth Unlimited (FCS15037), Royal Botanical Gardens (FCS14055), Habitat for Humanity Hamilton (PED15027, PED13009), Ronald McDonald House (FCS11078) and Mission Services (FCS12008).

RELEVANT CONSULTATION

Building Division, Planning and Economic Development Department

Real Estate Section, Economic Development Division, Planning and Economic Development Department

Housing Services Division, Healthy and Safe Communities Department

Legal Services, Corporate Services Department

Habitat for Humanity Hamilton

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Habitat for Humanity Hamilton has requested reimbursement of various charges. The analysis has been categorized by the relevant By-law authorizing each charge. Appendix "A" to Report FCS19084 summarizes all requested reimbursements.

Habitat for Humanity Hamilton is a Canadian registered charity and non-profit organization which is funded through corporate sponsorships, grants and surpluses from the ReStore. Volunteers and the Ontario Young Apprenticeship Program are utilized in the development of Habitat for Humanity Hamilton's housing projects to help not only give citizens the opportunity to learn a new skill, but also reduce the labour costs associated with construction.

Habitat for Humanity Hamilton does not require the purchaser to have a down payment for the house but does require that a minimum of 500 volunteer hours (referred to by Habitat for Humanity Hamilton as sweat equity) be earned prior to moving into the house. The mortgage held by Habitat for Humanity Hamilton is based on market value and the payments are structured based on the owner's income and subject to change with income fluctuations. In the event of sale, Habitat for Humanity Hamilton has the first right to purchase the property for a future family in need. If Habitat for Humanity Hamilton were to pass on their option to purchase, then their share of the sale is used for future Hamilton projects.

In August 2018, through Report HSC18040, staff recommended assistance to an affordable homeownership project via a down payment assistance program rather than a direct reduction in DCs. There are several reasons why the recommendation for Habitat for Humanity Hamilton is different, including: (1) Habitat for Humanity Hamilton is a registered charity that is not owned or related to a for-profit organization; (2) Habitat for Humanity Hamilton targets lower income households than the projects referred to in Report HSC18040; (3) Habitat for Humanity Hamilton uses volunteer labour where possible to both teach skills as well as keep the costs of construction low rather than hiring contractors for the construction of a project; (4) Habitat for Humanity Hamilton does not require the purchaser to have accumulated a down payment; and (5) mortgage payments to Habitat for Humanity Hamilton are geared to the household income and change as income changes.

1. Development Charge By-law 14-153 – City DCs and Waterdown Special Area DC

Habitat for Humanity Hamilton has requested the reimbursement of \$130,645.25 for the DCs paid for their three projects (12 Wickham Avenue, 2-10 Dennis Avenue and 278 Wilson Street). In the past, the City of Hamilton has granted DC exemptions to non-profit charitable organizations as illustrated in the policy implications section of Report FCS19084.

Habitat for Humanity Hamilton does not qualify for an affordable housing exemption through Section 21(f) of By-law 14-153 since the units are not receiving funding from the provincial or federal government. The actual City DC paid by Habitat for Humanity Hamilton is \$50 higher than the requested amount at \$130,695.25 as illustrated in Appendix "A". Supported by past practice, staff recommends that the charges paid under By-law 14-153 be reimbursed.

2. Parkland Dedication By-law 18-126

Habitat for Humanity Hamilton has requested the reimbursement of \$13,500 collected for cash in lieu of Parkland Dedication at 12 Wickham Ave. and 278 Wilson Street. Historically, Habitat for Humanity Hamilton has received reimbursements of Parkland Dedication fees made under previous Parkland Dedication By-laws. By-law 18-126 was adopted by Council on May 23, 2018 and therefore, the fees being requested for reimbursement were to be paid based on the requirements of By-law 18-126.

Section 12 of By-law 18-126 lists the requirements necessary for Council to establish an exception to the By-law. The requirements for establishing an exception for the payment of Parkland Dedication cash in lieu do not include authorizing a one-time or property specific exceptions. Staff does not recommend a reimbursement of the amounts paid for Parkland Dedication cash in lieu.

3. Hamilton Building By-law 15-058

Hamilton Building By-law 15-058 lists cases where refunds will be provided and the formula for determining the amount. This request is not a case laid out in the By-law. Building permit fees have not been refunded in any previous requests by Habitat for Humanity Hamilton. The City's Chief Building Official has confirmed that the additional building permit fees and water and sewer fees cannot be reimbursed.

4. OPA 28 Charge

The OPA 28 charge is a fee for residential development located on specified lands in the former Town of Flamborough. It refers to a fee negotiated with Amendment No. 28 to the Official Plan for the Town of Flamborough. Around the time of amalgamation, the former Town of Flamborough entered into an agreement to expand the urban boundary of Waterdown with the land owners at that time. The agreement was signed by all parties in 1997 and solidified through a Provincial Order, approved in Cabinet, in July 2002 and is registered on all applicable lands. The OPA 28 fee has not been exempted historically. Staff is not recommending reimbursement of this charge.

ALTERNATIVES FOR CONSIDERATION

Alternative 1: Authorize and direct staff to enter into DC Deferral Agreement

Instead of providing a reimbursement of the City DCs and Waterdown Special Area DC, staff could be directed to permit Habitat for Humanity Hamilton to defer the charges through a DC Deferral Agreement.

Financial: Habitat for Humanity Hamilton could enter into up to three separate DC Deferral Agreements to defer the City DCs and Waterdown Special Area DCs for a period of up to five years from permit issuance.

A \$750 application fee will be required for each deferral. Interest would be assessed based on the City's position on title.

Once each agreement is registered as a collateral mortgage on title, the amount previously paid would be returned to Habitat for Humanity Hamilton and due at a later date with interest per the terms of the DC Deferral Agreement.

No other fees are eligible to be deferred.

Staffing: N/A

Legal: Legal Services would be required to facilitate the agreements and registration of each agreement on title of the property.

Pros: Increases the current cash flow of Habitat for Humanity Hamilton.

Cons: The City's DC Deferral Program is at capacity. This would further delay the expected date that the program can be offered to other developers.

Alternative 2: Provide a grant for the Cash in Lieu of Parkland Dedication payment

Financial: The cost of granting the parkland reimbursement of \$13,500 would result in Reserve "104090 5% Parkland Dedication Reserve" having fewer funds to be able to acquire needed parkland across the City.

Staffing: N/A

Legal: N/A

SUBJECT: Habitat for Humanity Hamilton's Request for Reimbursement of Fees for Habitat Developments (FCS19084) (City Wide) – Page 7 of 7

Pros: The City continues to show support towards Habitat for Humanity Hamilton.

Cons: A reimbursement would not meet the criteria for the granting of an exception as set out in Parkland Dedication By-law 18-126.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

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

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Our People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS19084 – Summary of Habitat for Humanity Hamilton's Reimbursement Request

SB/LG/dt