



INFORMATION REPORT

TO:	Mayor and Members Committee of the Whole
COMMITTEE DATE:	May 20, 2020
SUBJECT/REPORT NO:	Development Charges Annual Indexing - Effective July 6, 2020 (FCS20041) (City wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

Development Charges Annual Indexing

In accordance with the City's Development Charge (DC) By-laws, DC rates are adjusted annually by the percentage change during the preceding year, as recorded in the Statistics Canada's Construction Cost Index (non-residential building) (CANSIM Table 18-10-0135-1-Toronto) 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.

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

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Table 1 illustrates that the percentage change in the 2019 index was 3.92%. The effective date of the indexing is July 6, 2020.

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

Year	Index	Percentage Change
2018	104.6	
2019	108.7	3.92%

Source: Statistics Canada – CANSIM table 18-10-0135-1 (Toronto)

Note that each individual service category is indexed which may result in the overall increase being slightly more / less than applying the 3.92% index rate to the overall total. Tables 2, 3, 4 and 5 show the impact on the overall City DC after each individual service category had been indexed.

Table 2 illustrates the Residential City DC rates for developments in combined sewer system areas and Table 3 illustrates the Residential City DC rates for developments in separated sewer system areas.

Table 2 – Residential City DC Rates for Combined Sewer System

Residential DCs (\$ per unit unless otherwise stated)	City DCs July 6, 2019 to July 5, 2020 (\$)	City DCs July 6, 2020 to July 5, 2021 (\$)
Singles / Semi's	43,489	45,195
Townhouse / Other Multiple	31,128	32,348
Apartment (2+ bedrooms)	25,467	26,466
Apartment (1 bedroom)	17,422	18,105
Residential Facility (\$ per bed)	14,047	14,597

Note: Does not include Special Area Charges which are not subject to annual indexing

Table 3 – Residential City DC Rates for Separated Sewer System

Residential DCs (\$ per unit unless otherwise stated)	City DCs July 6, 2019 to July 5, 2020 (\$)	City DCs July 6, 2020 to July 5, 2021 (\$)
Singles / Semi's	50,003	51,964
Townhouse / Other Multiple	35,790	37,193
Apartment (2+ bedrooms)	29,282	30,430
Apartment (1 bedroom)	20,031	20,816
Residential Facility (\$ per bed)	16,152	16,784

Note: Does not include Special Area Charges which are not subject to annual indexing

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Table 4 illustrates the Non-Residential City DC rates within the combined sewer system area.

Table 5 illustrates the Non-Residential City DC rates within the separated sewer system area.

Table 4 – Non-Residential City DC Rates for Combined Sewer System

Non-Residential DCs (\$ per square foot)	City DCs July 6, 2019 to July 5, 2020 (\$)	City DCs July 6, 2020 to July 5, 2021 (\$)
Non-Industrial	18.02	18.76
Industrial	10.99	11.44
New Non-Industrial (See Note)		
1 st 5,000 sq. ft.	9.01	9.38
2 nd 5,000 sq. ft.	13.52	14.07
10,000+ sq. ft.	18.02	18.76

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

Table 5 – Non-Residential City DC Rates for Separated Sewer System

Non-Residential DCs (\$ per square foot)	City DCs July 6, 2019 to July 5, 2020 (\$)	City DCs July 6, 2020 to July 5, 2021 (\$)
Non-Industrial	20.18	21.00
Industrial	12.30	12.81
New Non-Industrial (See Note)		
1 st 5,000 sq. ft.	10.09	10.50
2 nd 5,000 sq. ft.	15.14	15.75
10,000+ sq. ft.	20.18	21.00

Note: 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 index impact on Metrolinx (GO Transit) DC Rates. Metrolinx DCs are only collected from residential development.

Note that the indexed rate may be slightly different than applying the 3.92% to the existing rate. This difference is due to the fact that when the index calculation is prepared, the original Metrolinx DC (\$215 per single / semi) and all previous index factors are considered.

Table 6 – Metrolinx (Go Transit) DC Rates

Residential DCs (\$ per unit unless otherwise stated)	City DCs July 6, 2019 to July 5, 2020 (\$)	City DCs July 6, 2020 to July 5, 2021 (\$)
Singles / Semi's	263	273
Townhouse / Other Multiple	188	196
Apartment (2+ bedrooms)	163	169
Apartment (1 bedroom)	109	113
Residential Facility (\$ per bed)	86	89

Appendix “A” to Report FCS20041 is the Development Charge Pamphlet which will be posted on the City 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.

Transition Policy

DCs are payable upon building permit issuance, with some exceptions that the Province implemented effective January 1, 2020 that are detailed in Appendix “A” to Report FCS20041. The rate payable is legislated through the DC Act and is either the rate in effect on the date of building permit or the rate that was in effect at site plan or zoning application date plus interest to the building permit issuance date.

For developments already in progress and nearing permit issuance, a transition policy was included as part of DC By-law 19-142. 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 a rate increase; and
- The permit must not be revoked after the date of a rate increase.

Other DC Updates Effective on July 6, 2020

The DC Community Improvement Project Area (CIPA) exemption is decreasing from 60% to 50% on July 6, 2020. The transition policy above does not apply to the reduction in the DC CIPA exemption.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS20041 – Development Charges Information – Pamphlet –
Summary of By-Laws 19-142 and 11-174 (as amended) – Rates Effective July 6, 2020
– July 5, 2021

SA/dt