



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division
and
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Planning Division

TO:	Mayor and Members Committee of the Whole
COMMITTEE DATE:	May 27, 2020
SUBJECT/REPORT NO:	Development Charges Interest Rate Recommendation Related to Bill 108 Changes and Related Site Plan Changes (FCS20028 / PED20105) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Lindsay Gillies (905) 546-2424 Ext. 5491 Shivon Azwim (905) 546-2424 Ext. 2790 Anita Fabac (905) 546-2424 Ext. 1258
SUBMITTED BY: SIGNATURE:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SUBMITTED BY: SIGNATURE:	Steve Robichaud Director, Planning and Chief Planner Planning and Economic Development Department

RECOMMENDATION(S)

- (a) That for the purpose of section 26.1 (7) of the *Development Charges Act, 1997*, effective as of January 1, 2020, Council approve an interest rate equal to Bank of Canada Prime plus 2%, fixed at the date of building permit issuance, compounded semi-annually;
- (b) That for the purpose of section 26.2 (3) of the *Development Charges Act, 1997*, effective as of January 1, 2020, Council approve an interest rate equal to Bank of Canada Prime, fixed at the date of the related planning application, compounded semi-annually;

**SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108
Changes and Related Site Plan Changes (FCS20028 / PED20105)
(City Wide) – Page 2 of 14**

- (c) That staff be directed to extend Site Plan Approval to 15 months, with no further Site Plan extensions, for Site Plan applications within the Downtown Hamilton Community Improvement Project Area (Downtown CIPA);
- (d) That By-law No. 19-108, 2020 Tariff of Fees for Planning and Engineering Development Applications, be amended to incorporate a new Site Plan Approval fee for applications that lapse after 15 months within the Downtown Hamilton Community Improvement Project Area (Downtown CIPA);
- (e) That Site Plan Agreements be implemented for Site Plan applications within the Downtown Hamilton Community Improvement Project Area (Downtown CIPA) at the discretion of the Director of Planning and Chief Planner;
- (f) That the Standard Conditions of Approval for Site Plan applications within the Downtown Hamilton Community Improvement Project Area (Downtown CIPA), attached as Appendix “A” to Report FCS20028 / PED20105 be endorsed by Council;
- (g) That recommendations (c), (d), (e) and (f) of Report FCS20028 / PED20105 apply to Site Plan applications submitted to the City retroactive to January 1, 2020 within the Downtown Hamilton Community Improvement Project Area (Downtown CIPA).

EXECUTIVE SUMMARY

On May 2, 2019, Bill 108, *More Homes, More Choice Act, 2019*, (Bill 108) was introduced at the Ontario Legislature. Bill 108 received Royal Assent on June 6, 2019. In late December 2019, the Province proclaimed that some sections of Bill 108 would come into force effective January 1, 2020.

The purpose of Report FCS20028 / PED20105 is to inform Council of the specific changes that have come into force and to obtain Council direction related to interest polices that are now required as a result of those changes. One goal of Bill 108 was to support a range and mix of housing options, another was to increase the certainty of costs of development.

As per section 26.1 of the *Development Charge Act, 1997* (DC Act), as of January 1, 2020, the following types of development will no longer be required to pay Development Charges (DCs) at permit issuance and will commence payment of DCs at occupancy for a set number of instalments:

- Rental (six (6) annual instalments commencing at occupancy).
- Institutional (six (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.
- Non-Profit Housing (21 annual instalments commencing at occupancy).

**SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108
Changes and Related Site Plan Changes (FCS20028 / PED20105)
(City Wide) – Page 3 of 14**

This change of legislating DC payments by instalment rather than at building permit issuance for the above forms of development may be one way the Province sought to achieve its goal of supporting a range and mix of housing options.

The City is permitted to charge interest on the amounts outstanding from permit issuance until full payment is received at an interest rate that cannot exceed a prescribed rate. No rate has been prescribed by the Province.

Staff, through Recommendation (a), is proposing that the interest rate be fixed at the Bank of Canada Prime plus 2%. As of April 15, 2020, the Bank of Canada prime rate is 2.45% which equates to a total interest rate of 4.45%.

Section 26.2 of the DC Act, as of January 1, 2020, will freeze the DC rate charged to a development based on the application date of a Site Plan Application or a Site-specific Zoning Amendment, only where such application is applied for on or after January 1, 2020. This freezing does not apply to developments whose Site Plan or Site-specific Zoning amendments were applied for before January 1, 2020.

This change of freezing, or locking-in the DC rate with a planning application, may be one way the Province sought to achieve its goal of increasing the certainty of costs of development.

The City is permitted to charge interest on the frozen rate from the date it is frozen to the date of permit issuance at an interest rate that cannot exceed a prescribed rate. No rate has been prescribed by the Province.

Staff, through Recommendation (b), is proposing that the interest rate be fixed at the Bank of Canada Prime rate.

Staff has also included recommendations related to limiting the time frames for planning applications in the Downtown Hamilton Community Improvement Area (Downtown CIPA). These recommendations are being made to recognize that, without any mitigating measures, the Provincial changes expose the City to financial costs that were not contemplated when establishing the DC exemption rates within the Downtown CIPA. In other words, the time limiting recommendations are being made to both meet the intent of the Provincial change to allow greater predictability of DCs at an earlier stage in the development process and to ensure that the City's DC exemption program in the Downtown CIPA continues to provide reductions at a level that is time sensitive to the ultimate timing of building permit issuance.

In addition to legislating instalment payments of DCs for the specified types of development and freezing, or locking-in DC rates at an earlier stage of the development process, there were also legislated changes to align front-ending agreements with the instalment payment dates and general housekeeping amendment to accomplish the foregoing. The City does not currently enter into front-ending agreements within the context of the DC Act and, therefore, that change does not affect the City.

Alternatives for Consideration – See Pages 12 – 14

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Recommendation (a) is related to interest rates on the newly legislated form of development that will pay DCs in instalments commencing at occupancy.

Recommendation (b) is related to the interest rates that will apply between site plan or zoning application and building permit issuance.

Interest Rate for Legislated DC Instalment Payments

The proposed rate of Bank of Canada Prime plus 2% totals 4.45% based on the April 15, 2020 prime rate of 2.45%.

This rate would be fixed at the time of building permit issuance and charged on all legislated DC instalment payments, compounded semi-annually. Any interest earned will be allocated to the DC reserves. The next DC background study will need to consider this interest in the calculation of the DC rate.

There are municipalities considering differing interest policies depending on whether or not the developer provides security to the municipality. At this time, staff is not making any recommendation related to security. Best practices will be monitored to determine if requiring security is successful in other municipalities. It should be noted that the types of development with legislated instalment payments are restricted and volume is not anticipated to be significant.

Interest Rate from site plan or zoning application date to building permit issuance date and time limits on Downtown CIPA applications

The recommended interest rate of Bank of Canada Prime is being recommended to meet the Provincial goal of increased predictability of DC rates at an earlier stage of the development process and generally maintain the anticipated revenues from DCs. The City's Downtown CIPA DC exemption will be locked-in as of the planning application date as well and therefore, in order to limit the financial exposure related to the exemption applying as of planning application date versus permit issuance date time limitation on planning applications in the Downtown CIPA have been recommended.

The 15-month site plan limitation will limit the exposure of locking in the DC exemption to approximately 15 months following the DC CIPA Exemption rate change. Table 1 outlines the date that building permits would need to be issued by for the current 60% DC exemption in the Downtown to apply based on three scenarios.

Table 1: Date of Building Permit issuance relative to current 60% DC Exemption rate in the Downtown CIPA

	Pre-Bill 108	Post Bill 108 with no mitigation	Post Bill 108 with 15-month time limit on site plans
Jan 1, 2020 – July 5, 2020 60% DC Exemption in Downtown CIPA	Exemption is only available for building permits that are issued on or before July 5, 2020	Since the exemption is now locked in at site plan application and site plans generally have 12 months to get final approval with an option to extend another year and then move onto building permit and the DC Act has the locked-in rate which expires 2 years after site plan approval, the latest a building permit could be issued and receive the 60% exemption is estimated at Summer 2024	Since the exemption is now locked in at site plan application and site plans have 15 months to obtain a building permit, the building permit would need to be issued by Fall 2021

Table 1 shows that with no mitigation measures, the time frame in which the 60% Downtown CIPA exemption could be applied to building permits could extend to Summer of 2024 versus July 5, 2020 under the previous legislation. The cost of the extended timeframe will vary depending on the specific site plan applications. The additional cost related to the site plans that will lock in at the 60% DC Exemption rate is estimated at \$3.3 M under the staff recommendation which adds mitigation measures to reduce the exposure period from Summer 2024 to Fall 2021.

More detail regarding rationale for the rates can be found in the “Analysis and Rationale for Recommendation(s)” section of Report FCS20028 / PED20105.

Staffing: Staff is not requesting additional full-time equivalent (FTE) positions through this update Report FCS20028 / PED20105. The administration of the legislated changes will require additional support which can be covered internally in the short term. The Province has not completed the implementation of Bill 108 as it relates to DCs.

SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108 Changes and Related Site Plan Changes (FCS20028 / PED20105) (City Wide) – Page 6 of 14

Specifically, the Province has not yet released the full Community Benefits Charges (CBC) Regulation. On February 28, 2020, the Province released additional proposed details on the CBC and the City provided comments through the approval of FCS19057(b) / LS19023(b). Staff will continue to monitor the status and development of the CBC regime.

Additional resources will be required to ensure the effective implementation and management of the DC and CBC. Staff will request this support based on assessment of the final requirements of a CBC still to be announced by the Province.

Legal: Section 26.1 of the DC Act does not permit a municipality to require developers to provide municipalities with any form of security related to the legislated instalment payment.

Should an instalment payment be defaulted on, the DC Act allows the municipality to add the instalment onto the related property tax roll where it will be collected in the same manner as property taxes.

Legal has been consulted on the interest rate related to Section 26.2 of the DC Act and the proposed Site Plan by-law changes.

HISTORICAL BACKGROUND

May 2, 2019	Bill 108, <i>More Homes, More Choice Act, 2019</i> , (Bill 108) was introduced at the Ontario Legislature.
May 29, 2019	The City of Hamilton's draft comments on Bill 108 were submitted to the Province.
May 29, 2019	Bill 108 completed its second reading at the Ontario Legislature.
June 6, 2019	The City's Audit, Finance and Administration Committee endorsed the City's draft comments as the City's official comments. Council ratified this decision at the June 12, 2019 Council meeting.
June 6, 2019	Bill 108 completed its third reading at the Ontario Legislature.
June 6, 2019	Bill 108 received Royal Assent at the Ontario Legislature.
June 21, 2019	The Province released proposed DC / CBC regulation content.
August 19, 2019	The City of Hamilton's comments on the proposed DC / CBC regulation content were submitted to the Province (endorsed by Council at its meeting of August 16, 2019).

SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108 Changes and Related Site Plan Changes (FCS20028 / PED20105) (City Wide) – Page 7 of 14

- December 19, 2019 The Province announces changes to the DC Act General Regulation 454/19.
- January 1, 2020 Sections 8(1), 9, 12, and 13(6) of Schedule 3 of the *More Homes, More Choice Act, 2019* (Bill 108) come into force. These are the sections which prescribe that DCs are payable in instalments for certain types of development and also the section that freezes, or locks-in DCs as of site plan or zoning amendment application date, along with the sections that allow municipalities to charge interest related to each.
- February 28, 2020 The Province releases additional proposed CBC regulation content.
- April 16, 2020 The City of Hamilton's comments on the proposed CBC regulation content were submitted to the Province (endorsed by Council at its meeting of April 15, 2020).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendations contained within Report FCS20028 / PED20105 are necessitated out of Provincial legislation changes to the DC Act. The City does not currently have approved interest policies related to the legislated changes. Report FCS20028 / PED20105 establishes interest policies for DCs that are now payable in instalments and also for the time period between site plan or zoning application and building permit issuance.

The Province has not yet proclaimed sections 2, 3 (1)-(3), (5), 4, 5 (2), (3), 6, 7, 8 (2), 10, 11 and 13 (1)-(4) of Schedule 3 of Bill 108 into force. The changes that have not yet been proclaimed into force include:

- Reclassing Waste Diversion as a 'hard service'.
- Removal of 'soft services' from the DC Act by listing only the services that may be included in a DC by-law.
- Transitional provisions related to the 'soft services' and a Community Benefits Charge (CBC) By-law.

In accordance with the City of Hamilton's By-law No. 07-351, the Provision of Public Notice, a notice of the new Site Plan fee under the *Planning Act* is required to be published in a newspaper a minimum of 14 days prior to the Committee meeting. Notice was given in The Hamilton Spectator on May 13, 2020.

RELEVANT CONSULTATION

The following City Departments / Divisions were consulted in the development of Report FCS20028 / PED20105:

- Planning and Economic Development Department - Economic Development
- Healthy and Safe Communities Department - Housing Services
- Corporate Services Department - Legal and Risk Management Services

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Analysis for Recommendation (a): Interest Rate for Legislated DC Instalment Payments

As per section 26.1 of the DC Act, as of January 1, 2020, the following types of development will no longer be required to pay DCs at permit issuance and will commence payment of DCs at occupancy for a set number of instalments:

- Rental (six (6) annual instalments commencing at occupancy).
- Institutional (six (6) annual instalments commencing at occupancy),
 - including long-term care homes, retirement homes and hospices; universities and colleges; Indigenous Institute, memorial homes, clubhouses or athletic grounds of the Royal Canadian Legion.
- Non-Profit Housing (21 annual instalments commencing at occupancy).

In establishing a recommended interest rate, staff participated in municipal working groups through Municipal Finance Officers' Association of Ontario (MFOA) and Ontario Regional and Single Tier Treasurers (ORSTT). The range of rates being considered and recommended by municipalities varied as per Table 2.

It should be noted that through the 2019 DC Background Study and By-law process, Housing Services was directed to explore an incentive program for affordable housing that would replace the City's existing Affordable Housing exemption contained within the City's DC By-law. Housing Services, Finance and Legal have been in discussion to ensure that the legislated changes regarding non-profit housing and the timing of DC payments are considered in the development of the alternative program.

**SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108
Changes and Related Site Plan Changes (FCS20028 / PED20105)
(City Wide) – Page 9 of 14**

Table 2: Other Municipalities - Interest Rates for Legislated DC Instalment Payments

Municipality	Rate
Regional Municipality of York	5%, compounded annually
Region of Peel	0% per annum
Town of Milton	Prime lending rate of the Town's financial institution
City of Barrie	City's Weighted Average Cost of Capital
City of Guelph	If the period between DC calculation and occupancy is greater than one (1) month: Non-residential construction price index year-over-year change as of September 30 th of each year (plus 2% where security is not provided)
City of Toronto	For development applications with financial security: City's cost of capital For development applications without financial security: higher of the Canadian Bank Prime rate plus 5% or the market rate for construction financing

Staff is recommending an interest rate of Bank of Canada Prime plus 2% for the following reasons:

- Bank of Canada Prime is a publicly available rate;
- Bank of Canada Prime is readily available whereas measures such as CANSIM Tables are subject to a significant publication delay;
- It approximates the low end of the interest range charged through the City's existing DC Deferral program for non-industrial development;
- It is expected to offset interest costs incurred by the City due to an increase in the need to debt finance infrastructure projects resulting from the delayed cash inflow from the now mandatory deferred instalments;
- It reflects that there is a risk associated with having DCs paid in instalments without security provided up front to the municipality by establishing the rate slightly higher than the expected cost of borrowing.

As of April 15, 2020, the recommended interest rate equals 4.45% (2.45% + 2%).

Staff is recommending that the interest rate be fixed at the time of building permit issuance and that interest be compounded semi-annually. The semi-annual compounding is consistent with the City's existing DC Deferral program.

Analysis for Recommendation (b): Interest Rate from site plan or zoning application date to building permit issuance date

Section 26.2 of the DC Act, as of January 1, 2020, will freeze the DC rate charged to a development based on the application date of a Site Plan Application or a Site-specific Zoning Amendment, only where such application is applied for on or after January 1, 2020. The City is permitted to charge interest on the frozen rate from the date it is frozen to the date of payment at an interest rate that cannot exceed a prescribed rate (no such rate has been prescribed by the Province).

In establishing a recommended interest rate, staff participated in municipal working groups through MFOA and ORSTT. The range of interest rates being considered and recommended by municipalities varied as per Table 3.

Table 3: Other Municipalities – Interest Rates for Frozen DC rates

Municipality	Rate
Regional Municipality of York	5%, compounded annually
Region of Peel	5.5% per annum (0% if building permit is issued prior to August 1, 2020)
Town of Milton	Prime lending rate of the Town’s financial institution
City of Barrie	City’s Weighted Average Cost of Capital
City of Guelph	Non-residential construction price index year over year change as of September 30 th of each year, accrued monthly (plus 2% where security is not provided)
City of Toronto	1.5% per month

For most development in the City, being all development outside of the Downtown CIPA and Class A office within the Downtown CIPA, staff is recommending a rate of Bank of Canada Prime, compounded semi-annually, for the following reasons:

- Bank of Canada Prime is a publicly available rate;
- Bank of Canada Prime is readily available whereas measures such as CANSIM Tables are subject to a significant publication delay;
- Bank of Canada Prime historically approximates the annual indexing of DC rates as calculated with the CANSIM Table and, therefore, is expected to provide the predictability the Province was seeking to provide to developers while ensuring that the municipality is not unnecessarily short on DC revenues;

At the prime interest rate, as of April 15, 2020, the general recommended interest rate equals 2.45%. Earlier in the year, the general recommended interest rate would have been as high as 3.95%. For comparison, the annual indexing that will apply to the DC rates as of July 6, 2020 is 3.92%. This indexing figure was not available until late February 2020 and is, therefore, not the recommended base rate due to the publication delay.

**SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108
Changes and Related Site Plan Changes (FCS20028 / PED20105)
(City Wide) – Page 11 of 14**

The DC lock-in date of a Site Plan Application will be the date at which a complete Site Plan Application is submitted to the City. A complete Site Plan Application includes copies of the application form, a survey plan of the property, a site plan and building elevations. Any applicable application fees and Conservation Authority fees must also be included with the complete Site Plan application. By-laws 08-298 and By-law 08-297 provide further guidance on what is considered a complete Site Plan Application.

The greatest risk to the City is the time between Site Plan application and final Site Plan approval for Site Plan applications within the Downtown CIPA as the Development Charge rates are locked in at the date of a Site Plan application. As a result, Recommendation (e) has been included to restrict Conditional Approval to a time period of 15 months with no opportunities for an extension, from the existing 12 months with the possibility of up to a one-year extension. As a result, an applicant will have 15 months in which to receive final Site Plan Approval and a building permit. This will only apply to lands within the Downtown CIPA.

For Site Plan applications within the Downtown CIPA that lapse after the 15-month time period, Recommendation (d) has been included for a new Site Plan application fee. This fee will be \$700 to cover the staff costs associated with opening a new file and re-issuing the Conditional Approval package. The City's fee By-law 19-108 will be amended to include this new fee.

Recommendation (e) has been included to permit Site Plan Agreements for Site Plan applications within the Downtown CIPA, at the discretion of the Director of Planning and Chief Planner, implementing the recommendations of the Downtown Hamilton Secondary Plan. Recommendation (f) has been included to amend the standard Site Plan conditions for Site Plan applications within the Downtown CIPA (refer to Appendix "A" to Report FCS20028 / PED20105). The conditions attached as Appendix "A" to Report FCS20028 / PED20105 will now be applied to all Site Plan applications within the Downtown CIPA. The amendments are to require that all building permits for Site Plan applications be issued within 15 months and that no further extensions will be granted (standard condition 1.(c)).

In addition, standard phasing condition 1.(e) has been deleted in its entirety. Previously, phasing of sites was permitted to grant final approval for all phases but building permits would only be required for one phase to protect final Site Plan approval for the remaining phases. This condition was developed more so for multiple, smaller buildings on one site, and not for tower developments which are predominant within the Downtown CIPA.

The deletion of the phasing condition will require that all building permits, needed to implement all phases as shown on a Site Plan, be issued within 15 months. If all building permits are not issued within 15 months, the Conditional Approval shall lapse and a new Site Plan application will be required. To permit vertical phasing, without the need for a phasing condition, Conditional Site Plan approval within the Downtown CIPA can be structured according to Foundation Permit and Permit for Superstructure.

SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108 Changes and Related Site Plan Changes (FCS20028 / PED20105) (City Wide) – Page 12 of 14

Recommendation (g) has been included to clarify that recommendations (c), (d), (e), and (f) contained in Report FCS20028 / PED20105 will apply to all Site Plan applications received by the City, retroactive to January 1, 2020.

Appendix “B” to Report FCS20028 / PED20105 is a list of all active Site Plan applications within the Downtown CIPA to which Recommendation (g) would apply. There are currently three active Site Plan applications within the Downtown CIPA received by the City since January 1, 2020.

ALTERNATIVES FOR CONSIDERATION

Alternatively, Council could direct staff to utilize alternative interest rates.

Recommendation (a): Interest Rate for Legislated DC Instalment Payments

Alternative 1: Set the interest rate for legislated DC instalment payments to Bank of Canada Prime

Financial: The interest earned on legislated instalment payments would be less than the interest earned under the staff recommendation.

Staffing: None

Legal: None.

Pros: The lower interest rate would support the forms of development that are the target of the legislated instalment payments (rental, institutional, non-profit housing).

Cons: The legislated instalment payments will require the City to increase the use of debt financing of growth infrastructure. Without a full financial impact assessment, the incremental cost is not known. The City is approaching the Council imposed limit on DC debt financing within the 10-year capital forecast. Imposing the staff recommended rate provides a reasonable rate of financing while providing the City with interest at a slightly higher interest rate than the forecasted cost of borrowing which will aid in reducing the additional debt financing required to support growth.

The legislation does not permit a municipality to require security for developments that will pay DCs by instalment. There are other municipalities exploring varying interest rate policies if a developer is willing to provide security. At this time, the City is not recommending varying interest rates but if the City’s interest policy were to be set at Prime, such a policy would limit the City’s ability to consider a lower rate for secured agreements should that be a consideration in the future.

SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108 Changes and Related Site Plan Changes (FCS20028 / PED20105) (City Wide) – Page 13 of 14

Recommendation (b): Interest Rate from site plan or zoning application date to building permit issuance date

Alternative 2: Direct staff to set a higher interest rate in the Downtown CIPA to offset the financial exposure related to DC lock-in date and the phasing down of the Downtown CIPA Exemption for all development in the Downtown CIPA except for Class A Office development.

Do not enact time limitations on planning application within the Downtown CIPA (Recommendations (c), (d), (e), (f) and (g)).

Financial: Under this alternative, the expected cost of the Downtown CIPA DC exemption program would be closer to what was forecasted within the 2019 DC By-law.

Class A Office development is excluded in this alternative because the DC By-law contains a 70% exemption for Class A Office in the Downtown CIPA which is not being phased down.

The cost of the extended timeframe will vary depending on the specific site plan applications. Table 4 shows the relative cost of applying various interest rates for site plan which lock-in at the 60% DC Exemption based on building permits being issued evenly until Summer 2024 versus the staff recommendation which limits the timeframe that site plans can lock-in for.

Table 4: Relative cost of Downtown CIPA exemption program with various interest rates compared to the staff recommendation

	10%	15%	20%	Staff Recommendation
Developments locking in at 60% DC Exemption Rate in Downtown CIPA	Additional cost of \$3.7 M	Additional cost of \$1.7 M	Savings of \$0.7 M	Additional cost of \$3.3 M

Staffing: None

Legal: None

Pros: A higher interest applied between site plan or zoning application and building permit issuance for non-office development in the Downtown CIPA would enable the City to partially or fully mitigate the financial risk associated with an earlier DC rate lock-in.

**SUBJECT: Development Charges Interest Rate Recommendation Related to Bill 108
Changes and Related Site Plan Changes (FCS20028 / PED20105)
(City Wide) – Page 14 of 14**

Cons: A higher interest rate than what is applied to development in other areas of the City may be viewed as punitive and renegeing on the incentive provided as well as create a complicated DC rate calculation system.

The estimated cost calculation continues to become more complex as the City looks out into future years where the lock-in rates would be 50% or 40%. The ability to maintain consistency between what developments pay at building permit issuance is further complicated by the fact that the DC exemption in the Downtown CIPA is reviewed every few years to assess what is required.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

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

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS20028 / PED20105 – Standard Conditions of Approval for Site Plans in the Downtown CIPA

Appendix “B” to Report FCS20028 / PED20105 – List of Active Site Plan Applications in the Downtown CIPA

LG/SA/AF/dt