



# City of Hamilton 2021 Development Charges Update

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D.C. Stakeholder Sub-Committee Meeting  
January 29, 2021

# Format for Stakeholder Meeting



- D.C.A. Stakeholder Meeting
  - Introductions
  - D.C.A. Overview
  - Bill 108, Bill 138, Bill 197 and Bill 213 – Changes to the Development Charges Act
  - Services Being Updated and Created
  - By-Law Amendments
  - Next Steps
  - Questions



# D.C.A. Overview

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2021 Development Charges Update

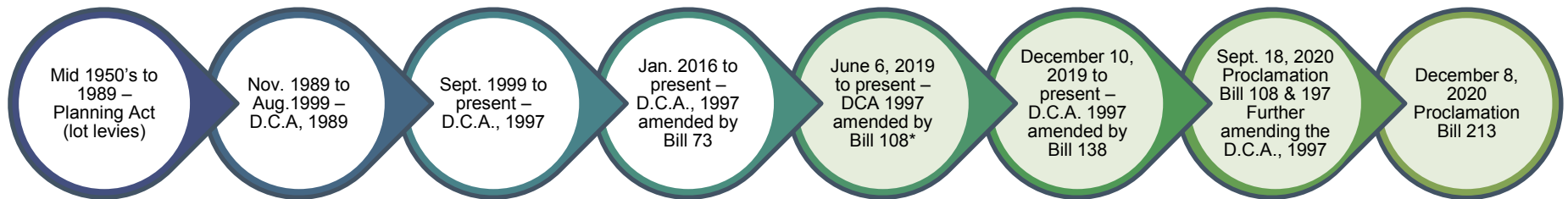


# Development Charges (D.C.)

## Purpose:

- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

## History:



# Overview of D.C.A. (simplified steps)

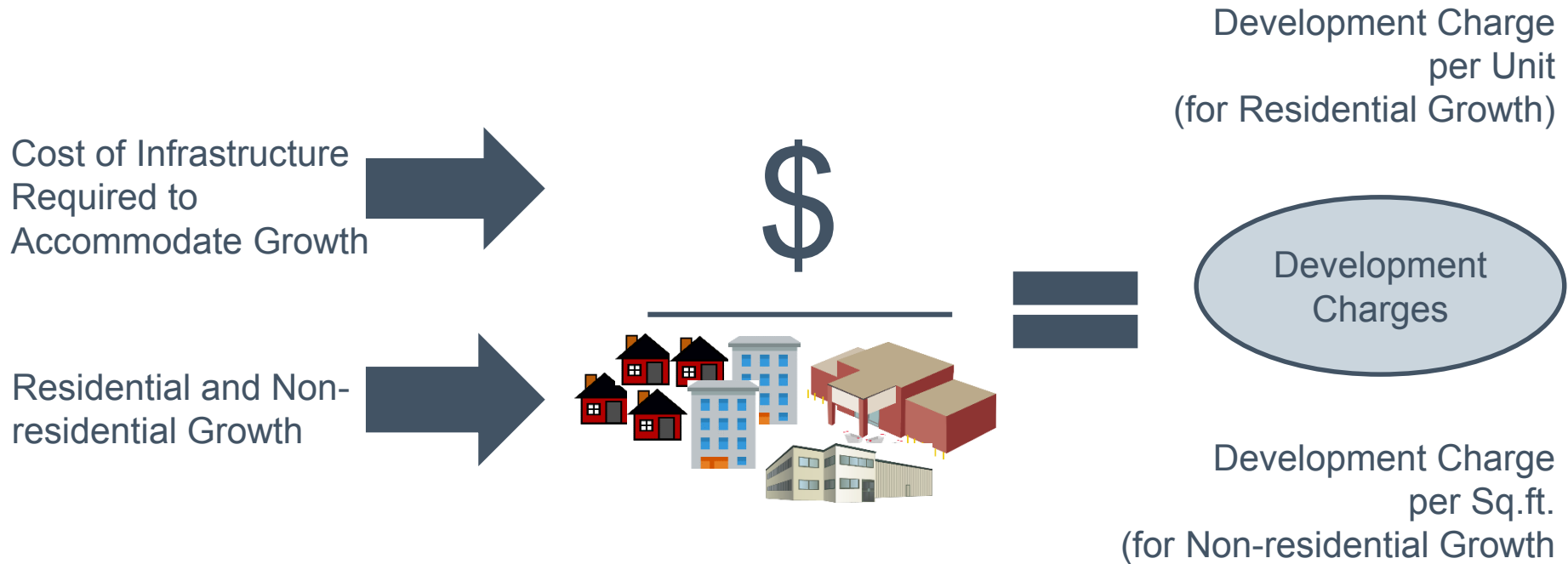



The following provides the overall methodology to calculating the charge:

1. Identify amount, type and location of growth.
2. Identify servicing needs to accommodate growth.
3. Identify capital costs to provide services to meet the needs.
4. Deduct:
  - i. Grants, subsidies and other contributions
  - ii. Benefit to existing development
  - iii. Amounts in excess of 10-year historical service calculation.
  - iv. D.C. Reserve funds (where applicable).
5. Net costs then allocated between residential and non-residential benefit.
6. Net costs divided by growth to calculate the D.C.



# How Development Charges Are Calculated





# Changes to the D.C.A. Bills 108, 138, 197 & 213

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2021 Development Charges Update

# Changes to the D.C. Legislation since 2019



There has been changes to the D.C.A. since the previous background study in 2019:

- Bill 108: More Homes, More Choice Act, 2019
- Bill 138: Plan to Build Ontario Together Act, 2019
- Bill 197: COVID-19 Economic Recovery Act, 2020
- Bill 213: Better for People, Smarter for Business Act, 2020

Related staff reports:

FCS19057 / LS19023 Bill 108 "More Homes, More Choice Act, 2019" - Schedule 3 Comment Submission

FCS19057(a) / LS19023(a) Bill 108 "More Homes, More Choice Act, 2019" – Proposed Regulations Comment Submission related to the Development Charges Act and Community Benefits Authority under the Planning Act

FCS19057(b) / LS19023(b) Bill 108 "More Homes, More Choice Act, 2019" – Proposed Regulations Comment Submission related to the Community Benefits Authority under the Planning Act, the Development Charges Act, and the Building Code Act (ERO 019-1406)

LS20020 Bill 197—The COVID-19 Economic Recovery Act, 2020

FCS20028 / PED20105 DC Interest Rate Recommendations Related to Bill 108

LS19034(a) Update and Instructions regarding Local Planning Appeal Tribunal Appeals by McMaster University and Mohawk College of Development Charge By-law 19-142



# Changes to the D.C. Legislation since 2019



It is not necessary for the City to take immediate action to update the D.C. By-law.

If no action is taken, many changes about to be discussed will still be required to be implemented by the City as per the D.C.A. however, the D.C. By-law will not reflect those changes.

If no action is taken then the City will not be collecting as much of the costs associated with growth from new development as they could.

The changes to the D.C. Act will be discussed and then the financial impact to a sample service will be illustrated.

# D.C. Eligible Services



- Prior to Bill 197 (discussed later in this presentation), the D.C.A. identified a number of ineligible services. As per the amendments to the Act, the D.C.A. now lists the eligible services. These are:
  - Water
  - Wastewater
  - Stormwater
  - Services related to a highway
  - Electrical power
  - Toronto-York subway extension
  - Transit
  - Waste Diversion
  - Policing
  - Fire
  - Ambulance
  - Library
  - Long-term Care
  - Parks and Recreation
  - Public Health
  - Childcare and Early Years
  - Housing
  - Provincial Offences Act
  - Airports (only for the Region of Waterloo)

# Bills 108 (More Homes, More Choice Act, 2019) and 138 (Plan to Build Ontario Together Act, 2019)



- On May 2, 2019, the Province introduced Bill 108, which proposed changes to the D.C.A.
  - Some sections were proclaimed in December of 2019 (noted below)
  - On Nov. 6, 2019, the Province introduced Bill 138, which provided further changes to the D.C.A. The Bill was proclaimed December 10, 2019.
- The following provisions became effective as of January 1, 2020 and will be included in Hamilton's Amending D.C. by-law:
  - Rental housing and institutional developments will pay D.C.s in 6 equal annual payments
  - Non-profit housing developments will pay D.C.s in 21 equal annual payments
  - The D.C. rate is frozen for Site Plan or Zoning By-law amendments until 2 years after approval
  - Interest may be charged on the installments and DC freeze

# Bill 197 (COVID-19 Economic Recovery Act, 2020)



The Province tabled legislation on July 8, 2020 in response to the COVID-19 global pandemic. Most of the proposed Bill 108 changes were revised by Bill 197. All sections of Bill 197 were proclaimed on September 18, 2020. The following changes are provided:

- D.C. eligible services: the list of D.C. eligible services has now been expanded from the original list under Bill 108.
- Classes of services may be established for components of a service or a combination of services.
- The mandatory 10% deduction is removed for all D.C.-eligible services.
- The 10-year planning horizon limit has been removed for all services except for transit



# Bill 197 (COVID-19 Economic Recovery Act, 2020) – Community Benefit Charges

- Community Benefits Charge: eligible for lower-tier and single-tier municipalities only – limit 4% of market value of land for eligible properties.
  - Can only be applied to higher density development (where there are 5 or more story's and 10 or more residential units)
  - Municipalities have two years to transition to the new C.B.C. authority.
- Except for Parking Services, Airport and portions of Social Services, all other current DC services continue for Hamilton's DC by-law. The need for non-DC services, parkland dedication and other potential projects which could be recovered by a C.B.C. may be considered by the City subsequent to this DC update process.



# Bill 213 (Better for People, Smarter for Business Act, 2020)

On December 8, 2020, Bill 213 received Royal Assent. One of the changes of the Bill that took effect upon Royal Assent included amending the Ministry of Training, Colleges and Universities Act by introducing a new section that would exempt the payment of D.C.s for developments of land intended for use by a university that receives operating funds from the Government.

The impact of this change will be reviewed and, if required, a revision to the exemptions section will be made in the amending D.C. By-Law.

# Illustration



## 2019 DC Background Study - Indoor Recreation Facilities

### Existing methodology

Total Gross Capital Costs	Post Period Benefit	Benefit to Existing	Grants	Subtotal	10% Statutory Deduction*	Total included in calculation
\$ 179,944,660	\$ 36,025,000	\$ 12,732,363	\$ 1,000,000	\$ 130,187,297	\$ 13,337,500	\$ 116,849,797

\* not exactly 10% of Subtotal because 10% statutory deduction does not apply to reserve balance

### Without 10% statutory deduction

Total Gross Capital Costs	Post Period Benefit	Benefit to Existing	Grants	Total included in calculation
\$ 179,944,660	\$ 36,025,000	\$ 12,732,363	\$ 1,000,000	\$ 130,187,297

**Difference = \$13,337,500**

The estimated impact from Indoor Recreation is an increase in the D.C. for a Single Family dwelling of \$148 and a \$0.23 increase per square foot of non-residential space.

Preliminary estimates, considering all services to be updated, suggest that the City could collect approx. \$2M more in D.C.'s annually (\$4M until a full D.C. By-law update is anticipated).



# Services Being Updated

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City of Hamilton

2021 Development Charges Update



# Services Being Updated



The following services are being updated to remove the 10% mandatory deduction:

1. Parkland Development and Indoor Recreation Services (Now “Parks and Recreation Services”);
2. Library Services;
3. Paramedics (Now “Ambulance Services”);
4. Long-Term Care Services;
5. Health Services (Now “Public Health Services”);
6. Social & Child Services (Now “Childcare and Early Years Services”);  
The City collects one charge for Social & Child Services, because of the legislative changes mentioned above, the component related to Childcare and Early Years will need to be split from other Social Services components since certain components of Social Services (e.g. Ontario Works) are ineligible as of September 18, 2022.
7. Social Housing (Now “Housing Services”);

# Services Being Updated (Cont'd)



The following services are being updated to remove the 10% mandatory deduction:

8. Provincial Offences Act Services;
9. Waste Diversion Services; and
10. Administrative Studies (Now a Class of Service: “Growth Studies”).



# Services Being Created

City of Hamilton

2021 Development Charges Update

# Classes of Services Being Created



As per Bill 197 Classes of Services may be established for components of a service or a combination of services. As such, the City is creating the following “Classes of Services”:

1. Public Works (Operations Facilities, Vehicles & Equipment); and
2. Growth Studies
3. Consideration of an Emergency Preparedness class

With the exception of Emergency Preparedness, the City is already collecting for these items through its current DC by-law. This change is largely administrative.



# By-Law Amendments

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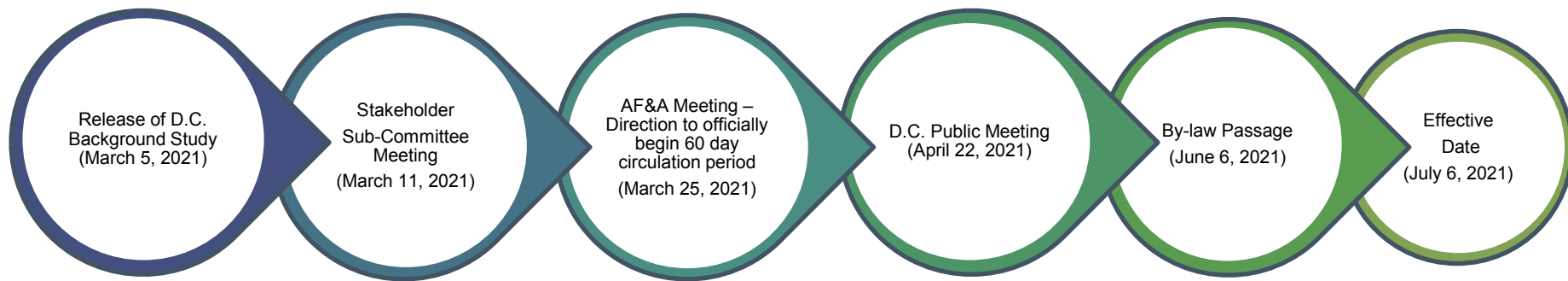
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# By-Law Amendments

- By-Law 19-142 is being amended to allow the City to continue to collect for the below services until September 18, 2022 (due to Bill 197 the following services become ineligible):
  - Parking Services;
  - Airport;
  - Social Services – ineligible components; and
  - Growth Studies – related to ineligible services.
- D.C. policies in the By-Law are being updated, with respect to:
  - D.C. instalment payments;
  - D.C. rate freeze;
  - Interest policies;
  - Mandatory exemption for new ancillary units;
  - Mandatory exemption for universities receiving operating funds from the Government; and
  - Additional & refined definitions, where required.

# Next Steps



Staff is seeking the DC Stakeholders Subcommittee's endorsement of the scope of work and planned schedule