



City of Hamilton 2022 Community Benefits Charge

D.C. Stakeholder Sub-Committee

February 28, 2022

Agenda



- Introductions
- What is a Community Benefits Charge
- Methodology
- Exemptions
- C.B.C. Process
- Growth Forecast
- Study Schedule
- Questions



What is a Community Benefits Charge

City of Hamilton 2021 C.B.C. Strategy

What is a Community Benefits Charge?



Current Legislation

The COVID-19 Economic Recovery Act (Bill 197) received Royal Assent on July 21, 2020, and amendments came into effect on September 18, 2022

- D.C.A. amendments include changes to eligible services
 - All services included in the City's current D.C. By-law remain eligible under the D.C.A., except for Parking Services, Airport Services, and portions of Social Services (now can only include Child Care and Early Years Programs)
- Planning Act Amendments
 - Community Benefits Charges may be imposed by By-law for buildings or structures with five storeys or more **and** with 10 or more residential units.
 - The prescribed maximum C.B.C. rate (as per O. Reg. 509/20) is 4% of the property's land value prior to the day of building permit issuance.

What is a Community Benefits Charge?



Under Bill 197

- Section 37(2) allows local/single tier municipalities to impose community benefits charges against land to pay for the capital costs of facilities, services and matters required due to development/redevelopment.
- To implement a charge, a C.B.C. by-law must be passed by Council.
- Before passing a C.B.C by-law under subsection (2), a strategy must be prepared that:
 - identifies the facilities, services and matters that will be funded with community benefits charges; and
 - complies with any prescribed requirements (defined by O. Reg. 509/20)



Methodology

City of Hamilton 2021 C.B.C. Strategy



Methodology of C.B.C. Strategy

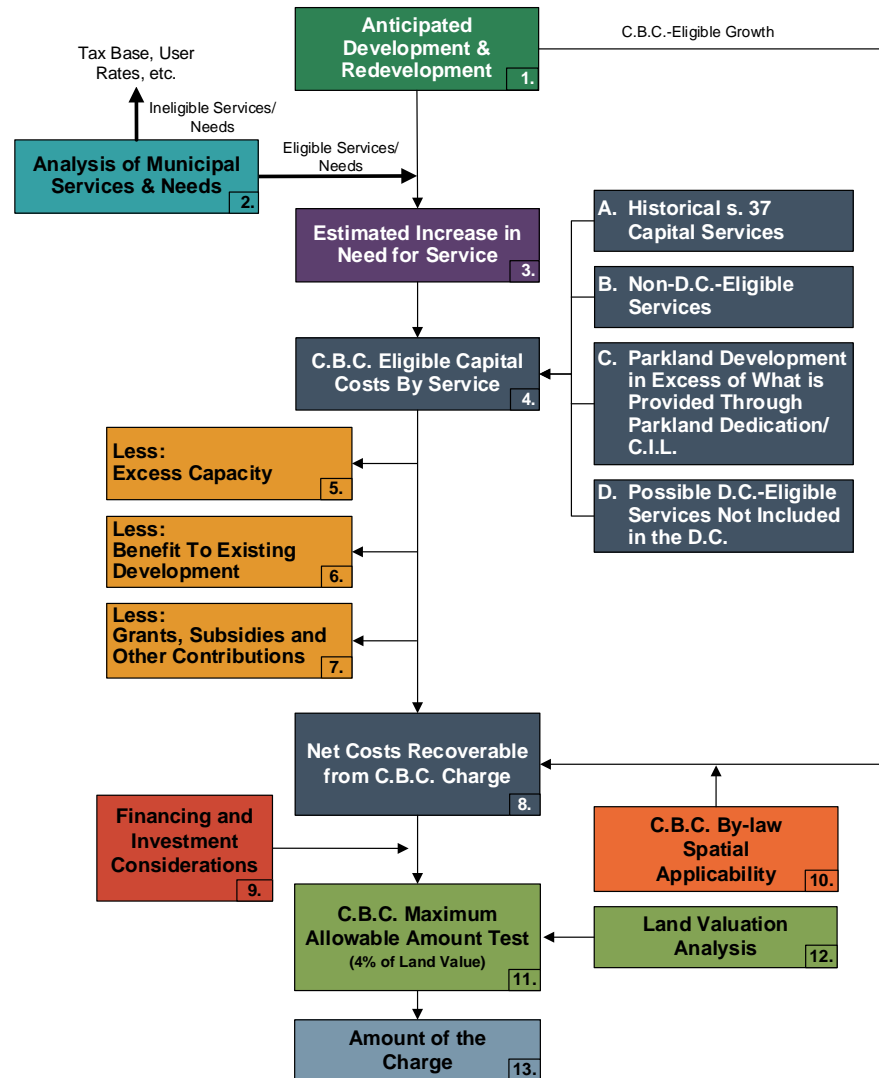
Community Benefits Charges will only apply to developments that are 5 storeys or more and have a minimum 10 residential units. As such the following must be assessed to determine the C.B.C. for the City:

1. Determine the amount of anticipated development and redevelopment that will be eligible to have a C.B.C. imposed on it by reviewing the most recent growth forecast information, applications in the development process, etc.
2. Estimate the land values of the eligible developments/redevelopments in consultation with City Realty staff based on recent appraisal available and/or through information provided by an appraiser contracted for purposes of the C.B.C. strategy.
3. Determine the estimated funding envelope based on 4% of the land values.
4. Estimate the increase in need for services and the share of the capital costs required because of the development/redevelopment.
5. Determine how much of the capital costs relate to the eligible development & redevelopment and complete the formal calculations to determine the percentage to impose for a C.B.C. (to a maximum of 4%)

C.B.C. Methodology



The Process of Calculating a Community Benefits Charge under the Act that must be followed





Eligible Growth

Estimate the anticipated amount, type and location of eligible development and redevelopment for a C.B.C.:

- High Density Development Only – a minimum 5 storeys with at least 10 residential units
- Amount and Location - discussions have taken place with City Planning staff and Watson’s demographics team related to the “No Urban Boundary Expansion Forecast” to determine the amount and location of the eligible growth
- Consideration for the timing of eligible development (i.e. 10 years (2022-2031))

Note the results of the Growth Forecast portion of the study is provided later in this presentation

Land Valuation



Estimate the land values of the eligible developments/redevelopments in consultation with City realty staff by location as identified through the growth forecast.

- The average land valuations will be summarized by locations, with regard to density, from the appraisal report(s) and a weighted value per acre would be calculated.



Identifying the Increase in Need

Estimates of the increase in the need for facilities, services and matters attributable to the anticipated development and redevelopment to which the community benefits charge by-law would relate, will be considered:

- Similar wording is included in the D.C.A., "increase in need....resulting from new development or redevelopment"
- The above suggests a link or attribution between the anticipated development and the estimated increase in the need for service
- The approach is similar to a D.C. study but will need to attribute benefit to high-density units

Potential Services to be Considered



The types of growth-related capital that can be included in a C.B.C. can include:

- Non-D.C. eligible services:
 - Services Recently Removed from D.C.: Parking, Airport, Certain Studies,
 - Other Non-eligible D.C. Services: Municipal Administration Building Expansion, Museum, Arts Centre, Public Art, Heritage Preservation, Landfill, Public Realm Improvements, Community Gardens, Space for Non-Profits, etc.;
- Former Services recovered under Section 37 of the Planning Act (not applicable for the City);
- Parkland Acquisition, except for parkland dedication related; and
- D.C. eligible services (Growth-related capital not included in the D.C.).



“Example” of C.B.C. Funding Calculation

- Based on eligible properties and weighted land values, an assumption of the density (e.g. 125 units per acre) would be made to generate a total land value of \$512.8 million.
- The maximum C.B.C. percentage of 4% would generate \$20.5 million of revenue.
- This would require capital projects in the range of \$79-\$119 million depending on the services included.

| Area | Total CBC Eligible Units | % of Total Units | Average Land Value Per Acre | Weighted Value Per Acre by Area | Average Units per Acre | Estimated Total Acres | Total Land Value | CBC % | CBC Revenue |
|--------------|--------------------------|------------------|-----------------------------|---------------------------------|------------------------|-----------------------|----------------------|-----------|---------------------|
| Ancaster | 6,247 | 82% | \$8,292,550 | \$6,770,822 | 125 | 50 | | | |
| Downtown | 990 | 13% | \$10,221,355 | \$1,322,591 | 125 | 8 | | | |
| Stoney Creek | 414 | 5% | \$5,246,032 | \$283,866 | 125 | 3 | | | |
| Total | 7,651 | 100% | | \$8,377,279 | | 61 | \$512,756,464 | 4% | \$20,510,259 |

| | | |
|---|-----|---------------|
| Pop/Employment CBC Recovery from High Density Development - Gross Cost Required for Projects | 17% | \$119,427,608 |
| Parks/Rec/Culture CBC Recovery from High Density Development - Gross Cost Required for Projects | 26% | \$79,199,361 |

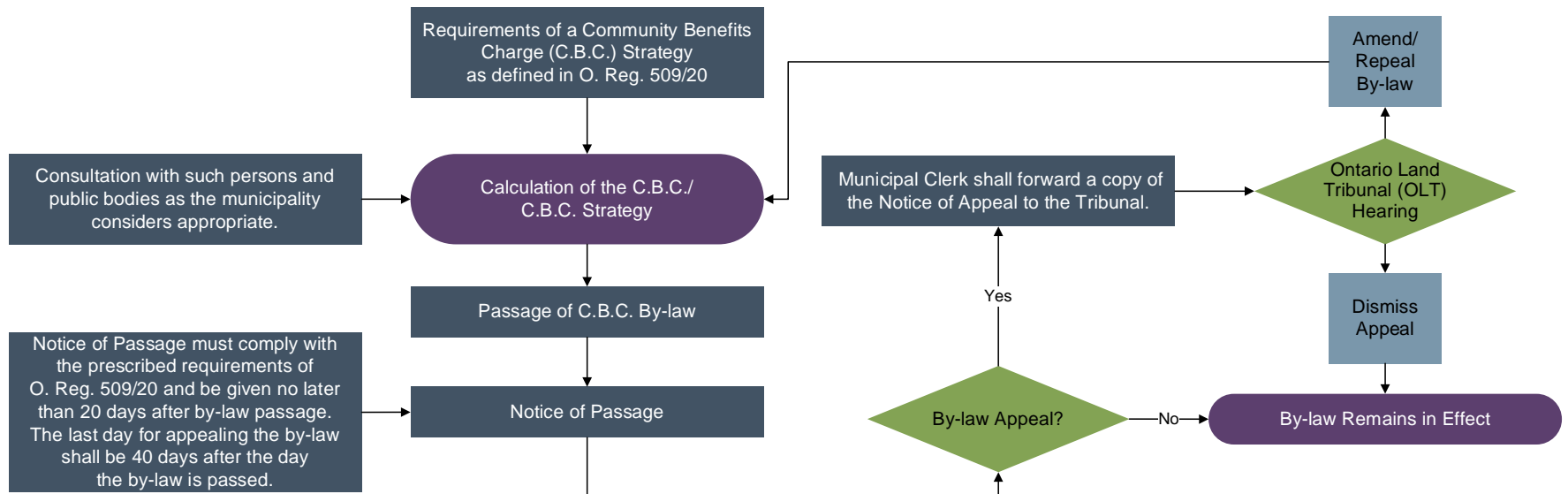
For illustration purposes only (i.e. not Hamilton information)



C.B.C. Process

City of Hamilton 2021 C.B.C. Strategy

C.B.C. Process





Growth Forecast

City of Hamilton 2021 C.B.C. Strategy



Growth Forecast

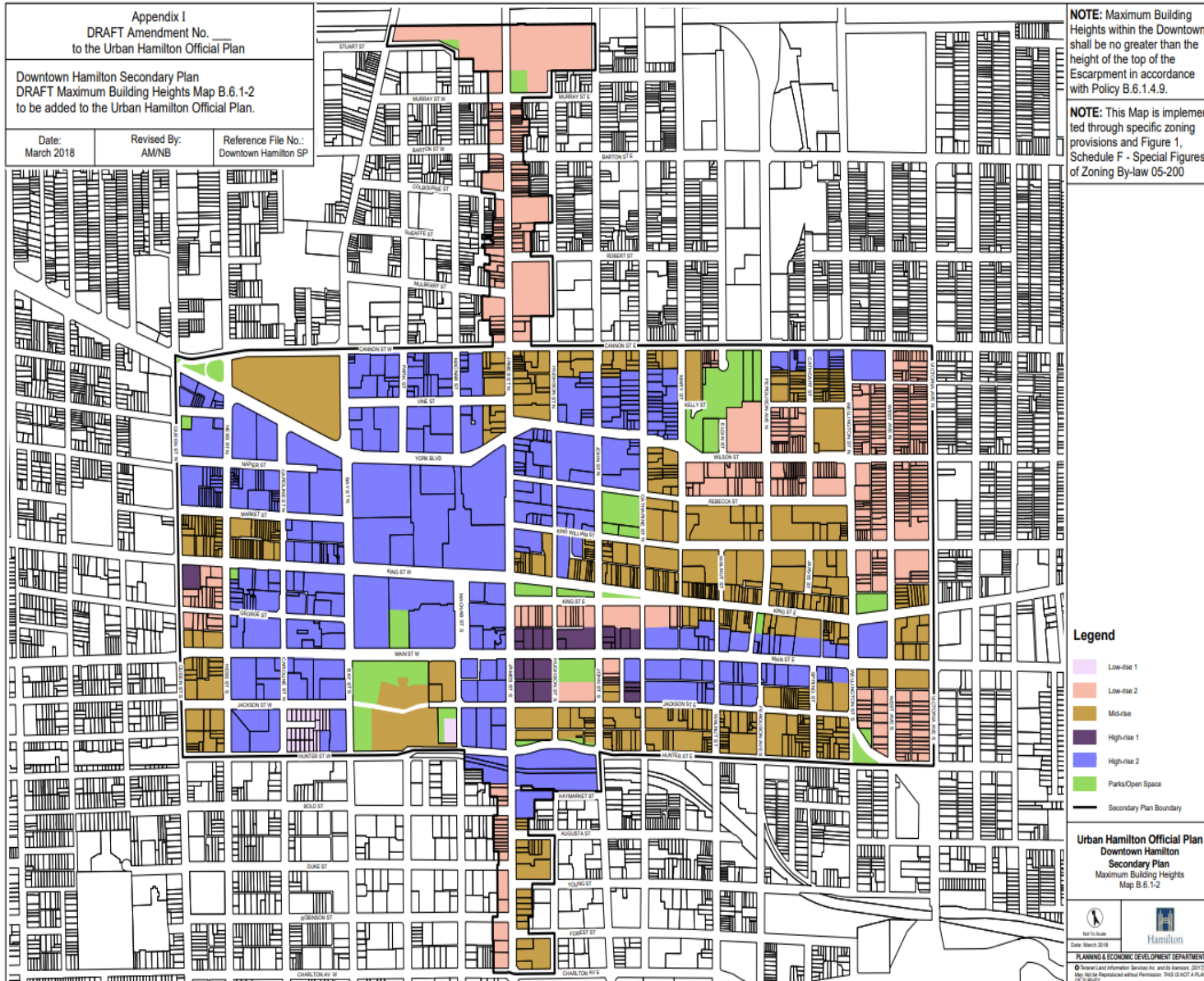
The C.B.C. Growth Forecast for 2022-2031, has considered:

- The “No Urban Boundary Growth Scenario” as per GRIDS 2;
- Actual permits that have taken place between 2019-2021 to set a 2022 base year;
- Developments at various stages of the planning process anticipated to take place in the 10-year forecast period (i.e. registered, draft approved, pending); and
- Developments in the planning process by area of the city (i.e. based on former municipal boundaries and development within and outside of the downtown secondary plan for lower Hamilton)

Growth Forecast – Breakdown by Area



Growth Forecast – Downtown Secondary Plan



Growth Forecast - Residential



| Development Location | Timing | Single & Semi-Detached | Multiples ^[1] | Apartments ^[2] | | | Total Residential Units | Gross Population In New Units | Existing Unit Population Change | Net Population Increase, Excluding Institutional | Institutional Population | Net Population Including Institutional |
|---|--------------------|------------------------|--------------------------|----------------------------|--------------------------|-----------------------|-------------------------|-------------------------------|---------------------------------|--|--------------------------|--|
| | | | | Units in C.B.C. Ineligible | Units in C.B.C. Eligible | Total Apartment Units | | | | | | |
| Ancaster | 2022 - 2031 | 599 | 520 | 471 | 0 | 471 | 1,590 | 4,009 | -513 | 3,496 | 70 | 3,566 |
| Dundas | 2022 - 2031 | 42 | 56 | 0 | 253 | 253 | 351 | 686 | -307 | 379 | 42 | 421 |
| Flamborough | 2022 - 2031 | 780 | 896 | 2,646 | 307 | 2,953 | 4,629 | 9,554 | -540 | 9,014 | 73 | 9,087 |
| Sub-Total Ancaster, Dundas & Flamborough | 2022 - 2031 | 1,421 | 1,472 | 3,117 | 560 | 3,677 | 6,570 | 14,249 | -1,360 | 12,889 | 185 | 13,074 |
| Glanbrook | 2022 - 2031 | 1,854 | 1,606 | 197 | 0 | 197 | 3,657 | 10,339 | -378 | 9,961 | 51 | 10,012 |
| Upper Hamilton | 2022 - 2031 | 1,123 | 1,091 | 1,890 | 3,889 | 5,779 | 7,993 | 15,787 | -1,940 | 13,847 | 263 | 14,110 |
| Stoney Creek | 2022 - 2031 | 770 | 1,523 | 510 | 1,390 | 1,900 | 4,193 | 9,263 | -879 | 8,384 | 119 | 8,503 |
| Sub-Total Glanbrook, Stoney Creek and Upper Hamilton | 2022 - 2031 | 3,747 | 4,220 | 2,597 | 5,279 | 7,876 | 15,843 | 35,389 | -3,197 | 32,192 | 433 | 32,625 |
| Lower Hamilton (inside Downtown Secondary Plan) | 2022 - 2031 | 2 | 3 | 14 | 3,235 | 3,249 | 3,254 | 5,323 | -576 | 4,747 | 18 | 4,765 |
| Lower Hamilton (outside Downtown Secondary Plan) | 2022 - 2031 | 285 | 562 | 2,496 | 1,010 | 3,506 | 4,353 | 8,005 | -1,661 | 6,344 | 286 | 6,630 |
| Sub-Total Lower Hamilton | 2022 - 2031 | 287 | 565 | 2,510 | 4,245 | 6,755 | 7,607 | 13,328 | -2,237 | 11,091 | 304 | 11,395 |
| City of Hamilton | 2022 - 2031 | 5,455 | 6,257 | 8,224 | 10,084 | 18,308 | 30,020 | 62,966 | -6,794 | 56,172 | 922 | 57,094 |

Derived from City of Hamilton No Urban Boundary Expansion Scenario (September, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

^[1] Includes townhouses and apartments in duplexes.

^[2] Includes accessory apartments, bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.

Growth Forecast - C.B.C. Eligible Growth Breakdown

- Based on applications in the planning process, approximately 55% of all apartment units will be in buildings that have a minimum of 5 storeys and minimum of 10 residential units.
- Therefore, of the 18,308 apartment units identified for the growth forecast period from 2022-2031, 10,084 units would be eligible for recovery of a C.B.C.
- Based on the eligible units in the planning process, the following provides a breakdown of the anticipated location of the eligible units:

| Area | Eligible Units | | | |
|---|----------------|----------------|--------------|---------------|
| | Registered | Draft Approved | Pending | Total |
| Ancaster | - | - | - | - |
| Dundas | - | 132 | 121 | 253 |
| Flamborough | - | 233 | 74 | 307 |
| Glanbrook | - | - | - | - |
| Upper Hamilton | - | 1,462 | 2,427 | 3,889 |
| Stoney Creek | 1,023 | 367 | - | 1,390 |
| Lower Hamilton (Inside the Downtown Secondary Plan Area) | - | 804 | 2,431 | 3,235 |
| Lower Hamilton (Outside the Downtown Secondary Plan Area) | - | 885 | 125 | 1,010 |
| Total | 1,023 | 3,883 | 5,178 | 10,084 |



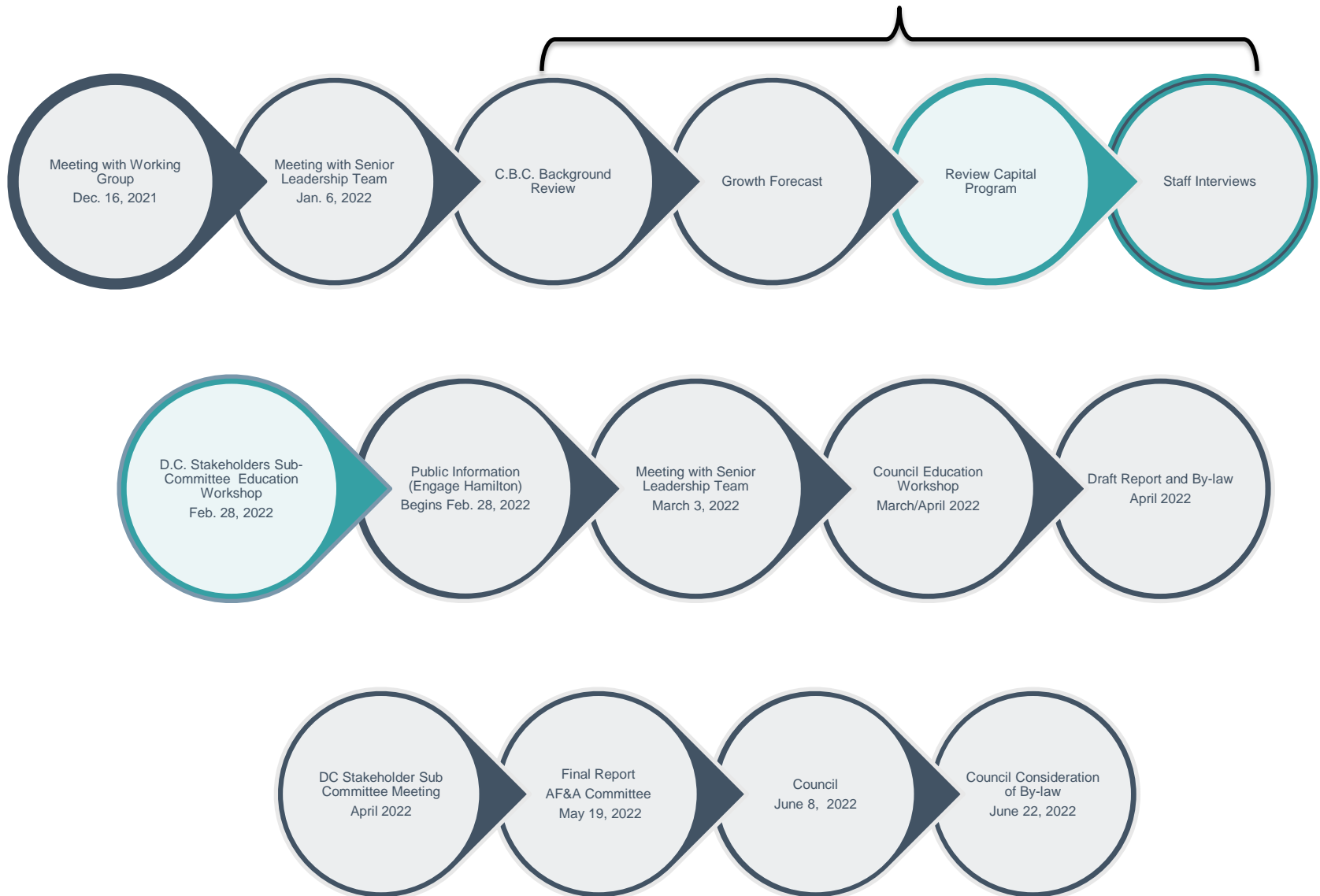
Study Schedule

City of Hamilton 2021 C.B.C. Strategy

Timelines



Jan. – Mar. 2022





Questions?