



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Development Charges Stakeholders Sub-Committee
<b>COMMITTEE DATE:</b>	February 28, 2022
<b>SUBJECT/REPORT NO:</b>	Community Benefits Charges (FCS22015) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
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<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

N/A

## INFORMATION

### Background

In May 2019, the Minister of Municipal Affairs and Housing released *More Homes, More Choice: Ontario's Housing Supply Action Plan*. In support of the Action Plan, the Province developed omnibus Bill 108, *More Homes More Choice Act, 2019*, which received Royal Assent on June 6, 2019. Report FCS21048, adopted by City Council on June 9, 2021 included a summary of the legislative changes affecting the collection of revenues to support growth related infrastructure.

Municipalities have until September 18, 2022, to transition to the new framework for Development Charges, Community Benefits Charges and Parkland Dedication. This includes adoption of a Community Benefits Charge by-law to ensure the City takes full advantage of the legislative tools available to fund growth related infrastructure.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

The City of Hamilton has begun work to establish a new Community Benefits Charge (CBC) By-law and Strategy under the *Planning Act*. The proposed Community Benefits Charge Strategy and By-law will be presented to Hamilton City Council in June 2022 for consideration. Completion of an integrated public and industry stakeholder consultation process for the CBC Strategy will also occur. There is no mandated expiry date for the CBC By-law. It is the City's intention to review the CBC Strategy and by-law on a regular basis. The CBC by-law may be appealed to the Ontario Land Tribunal.

### **Community Benefits Charges**

Community Benefits Charges are intended to work with Development Charges and Parkland Dedication to ensure that municipalities have the tools and resources they need to build complete communities.

Single Tier and Lower Tier Municipalities are only permitted to impose CBCs for higher density residential development. As such, a CBC can only be charged on developments and redevelopments with five or more storeys and 10 or more residential units.

Community Benefits Charges will be capped at a maximum of four per cent of land value on the day before a building permit is issued. The charge must be justified through the development of a CBC Strategy that is similar to the approach used in a Development Charges Background Study.

The following table identifies projects/services that are both exempt and eligible for Community Benefit Charges.

<b>Development Exempt from CBC's</b>	<b>Services to be Considered for CBC Funding</b>
<ul style="list-style-type: none"><li>• Long-term care homes</li><li>• Retirement homes</li><li>• Universities, colleges, and Indigenous Institutes</li><li>• Memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion</li><li>• Hospices</li></ul>	<ul style="list-style-type: none"><li>• Parking and Airports (these services are no longer eligible for DC funding as of Sept. 18, 2022)</li><li>• Some studies</li><li>• Parkland Acquisition (in excess of parkland dedication)</li><li>• Municipal Administration Building Expansion</li><li>• Cultural Initiatives (e.g. Museums, Arts Centres, Public Arts, Heritage Preservation)</li><li>• Public Realm Improvements (e.g. Community Gardens, Space for Non-Profits)</li><li>• Expansion to Landfill</li><li>• Eligible DC infrastructure (not included in DC)</li></ul>

A "Community Benefits Charges Fact Sheet" is attached as Appendix "A" to Report FCS22015 and provides additional details.

## **Engagement and Consultation**

Watson & Associates Economists Ltd. (Watson) has been retained to provide consulting services for the City of Hamilton's 2022 Community Benefits Charges process. A comprehensive and time sensitive schedule has been put in place to meet the legislative deadline for the CBC Strategy and By-law while taking into consideration factors including Committee and Council meetings, as well as, the upcoming municipal election.

A CBC Working Group comprised of key members of all City departments has been formed to assist in gathering information necessary for the CBC Strategy and By-law. The Working Group is provided project updates and engages in various discussions that are instrumental in helping prepare the basis for the strategy and by-law. In addition to the Working group, the City's Senior Leadership Team (Steering Committee) receives updates at monthly meetings and provides guidance and direction throughout the process. External consultation with key development groups will be scheduled at milestone points through the duration of the project. The City plans on releasing the strategy report prior to Council's consideration of the By-Law.

The City's CBC Strategy will support data and information required under the *Planning Act* and the related regulations. The CBC Strategy will:

- Include a list of projects which can be funded by CBC revenue. It is in the City's best interest to ensure that a broad range of projects are identified that captures future projects related to growth.
- Include estimates of the anticipated amount, type and location of development and redevelopment, using the most recent growth forecast information and applications in the development process.
- Consider the timing of eligible development (10 years).
- Include estimates of the land values of the eligible developments and determine the estimated funding envelope based on 4% of the land value.
- Ensure that projects are not being funded by CBC revenue, Development Charges and or parkland (Cash in lieu or CIL) as per legislation (i.e. no double dipping).

In consultation with Corporate Communications, it has been determined that the most effective method of communication to provide awareness and information updates on the CBC process is through the City's website, as well as, social media outreach at key project milestones. This will ensure that the public and stakeholders have access to the most up-to-date information.

## **Options for Utilizing CBC Funds**

Every effort will be made to ensure that the City is able to take full advantage of this new legislative tool in order to support the funding of the growth-related capital program, minimize the impact on the taxpayer and align with Council's priorities. The following two scenarios will be considered:

1. CBC's may be used to offset amendments to the *Development Charges Act* that will eliminate our ability to collect Development Charges for certain services that were previously eligible.
2. CBC's may be used to fund growth-related capital infrastructure for services not eligible for Development Charges, but that are eligible under the CBC and support the advancement of existing Term of Council Priorities.

### **Implementation and Administration**

Similar to the Development Charges program, the approval of the Community Benefits Charge Strategy and By-law will require an administration and implementation plan to be developed. Funds that are collected will be deposited in a reserve account and may be utilized as a funding source in the capital budget for Council approved projects. Each year, municipalities will be required to prepare a report detailing the status of the CBC account, including the funds collected, amounts used throughout the year and assets acquired, if any. In each calendar year, a municipality shall spend or allocate at least sixty per cent of the monies that are in the special account at the beginning of the year. Staff will form a cross-departmental team to ensure administration and implementation complies with legislative requirements.

### **Conclusion**

The Community Benefits Charges Process is new for all municipalities in Ontario. Through this process, it is important to consider the relationship between Development Charges, parkland by-laws and the potential for a new CBC revenue as financing tools. Staff has engaged all internal stakeholders and plan on hosting engagement sessions with the development industry and other key stakeholders. The proposed Community Benefits Charges Strategy and By-law will be presented to Hamilton City Council in June 2022 for consideration.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report FCS22015 – Community Benefits Charges Fact Sheet

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