




CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Community Benefits Charge Strategy (FCS22015(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Carolyn Paton (905) 546-2424 Ext. 4371
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the 2022 City of Hamilton Community Benefits Charge Strategy, attached as Appendix "A" to Report FCS22015(b) dated June 2, 2022, be approved;
- (b) That a Community Benefits Charge in the amount of 4% of the market value of land be implemented against for eligible development to pay for capital costs of facilities, services and matters in compliance with the *Planning Act, R.S.O. 1990*;
- (c) That a Reserve Fund entitled "Community Benefits Charge Reserve Fund" be established for all Community Benefits Charge collections, as per Policy included in Appendix "E" to Report FCS22015(b);
- (d) That a Reserve Fund entitled "Development Charges - Community Benefits Charge Transition Reserve Fund" be established for previously collected Airport and Parking services, as per Policy included in Appendix "E" to Report FCS22015(b);
- (e) That Appendix "B" attached to Report FCS22015(b) respecting the 2022 Community Benefits Charge By-law, prepared in a form satisfactory to the City Solicitor, be passed and enacted.

EXECUTIVE SUMMARY

The *COVID-19 Economic Recovery Act* received Royal Assent on July 21, 2020. Schedule 3 of the Act amended the *Development Charges Act* (DCA) and Schedule 17 amended the *Planning Act* including amendments to community benefits and the alternative rate of parkland dedication.

As per section 37 (5) of the *Planning Act*, a Community Benefits Charge (CBC) may be imposed for services that do not conflict with services or projects provided under a municipality's Development Charges (DC) By-law or Parkland Dedication By-law.

Community Benefits Charges are intended to work in conjunction with Development Charges and Parkland Dedication fees to ensure that municipalities have the tools and resources they need to build complete communities and support the ability to finance the infrastructure necessary to accommodate growth. Municipalities have until September 18, 2022 to transition to the new framework for Development Charges, Community Benefit 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.

Under the *Planning Act*, any municipality in Ontario can create and collect a CBC from new buildings or structures and redevelopment related to growth providing the development is a minimum of five storeys high and has 10 or more residential units. The CBC is paid as a one-time fee by the property developer or builder based on a maximum rate of 4% of land value as per Ontario Regulation 509/20. The CBC can be collected for any public service asset providing those costs are not already covered by Development Charges or Parkland Dedication Fees.

Table 1 identifies developments exempt from CBCs and services eligible for the application of funds received through Community Benefit Charges.

Table 1 – CBC Exempt Developments and CBC Eligible Services

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

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In addition to the mandatory exemptions, staff have recommended CBC discretionary exemptions or reductions that align with the current DC By-law while still in effect (expires June 2024) being:

- Downtown Hamilton CIPA reduction in the amount of 40% of CBC's payable
- Residential Facility or Lodging House reduction in the amount of 50% of CBC's payable.

The City of Hamilton has engaged Watson & Associates Economists Ltd. ("Watson") to oversee the development and implementation of a CBC Strategy and By-law. The following outlines the key components in the CBC Strategy development:

- Population growth forecasts and proposed development over the next 10 years
- Estimated cost for future City services, facilities, and infrastructure
- Hamilton's land values
- Determination of the amount of money the City can collect based on eligible land values
- Allocation of revenue to approved growth capital projects

The housing unit mix for the City was derived from a detailed review of historical development activity, as well as, active residential development applications and discussions with City staff regarding anticipated development trends for Hamilton. The 2022 to 2032 household growth forecast for the City is comprised of a unit mix of 18% low density units (single-detached and semi-detached), 20% medium density units (multiples except apartments) and 62% high density units (accessory units, bachelor, 1-bedroom and 2-bedroom apartments). Based on the above indicators, the City is able to identify 11,531 CBC eligible units over the 10-year forecast period or 55% of the identified high density forecasted units.

As the CBC rate is applied against the value of land the day before a building permit is issued, average land values are required to be assessed throughout the City where development and redevelopment are anticipated. These land values assist in calculating the eligible CBC rate. The City's Corporate Real Estate Office provided average land valuations for properties anticipated for eligible high-density development in various locations across the City. Based on the growth forecast, density assumptions and land valuation assessment, the total land value for anticipated eligible high-density development was calculated to equal approximately \$261.3 M.

A review of the City's 2022-2031 Tax Capital Budget was undertaken and based on eligibility criteria, a total of \$15.5 M in eligible capital projects have been identified throughout the process, which would result in a CBC Charge of 6% of land values. Because the CBC legislation caps the charge at 4%, the estimated potential CBC recovery for the City equals approximately \$10.5 M (see Table 2) over the 10-year forecast period. Projects identified for CBC funding include Airport, Parking Services, Studies and Cultural projects, as well as, growth projects that are not eligible to be funded by DCs. Projects included in these service areas would previously have been funded through the Capital levy.

Table 2 – Estimated CBC Recovery on Capital Costs

Total Potential Capital Program - C.B.C. Eligible Costs	\$15,520,770
Total Land Valuation (10-Year Forecast)	\$261,263,000
Percentage of Land Value Required to fund the C.B.C. Eligible Costs	6%
Legislative Maximum C.B.C. Percentage of Land Value	4%
Total Land Valuation (10-Year Forecast)	\$261,263,000
Maximum Eligible Amount based on Total Land Valuation	\$10,450,520
Amount In Excess of Maximum Eligible Amount	\$5,070,250

Prior to passing a CBC By-law, the *Planning Act*, section 37(10) requires the City to consult with the public and such persons and public bodies as the City considers appropriate. As such, extensive consultation was carried out including two meetings with each of the Development Industry Liaison Group (DILG) and with the Development Charges Stakeholder Sub-Committee. In addition to public meetings, an awareness engagement page related to the CBC initiative through the “Engage Hamilton” platform was created. Education materials, presentations, the draft CBC Strategy and By-law were posted for a period of approximately eight weeks. The City’s engagement approach was comparable to other municipalities who are implementing a CBC By-law.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Passing of a CBC By-law will enable the City to collect funds on developments and redevelopments with five or more storeys and 10 or more residential units. CBC funds will be used as a source of financing in the Capital Budget to fund eligible growth-related projects.

Table 3 outlines projects in the 2022-2031 2022 Tax Capital Budget where CBC funds collected may be applied. These projects would otherwise have been funded by other sources such as the Capital Levy or debt or deferred. As a result, this new funding source does provide some capacity within the 10-year financing plan. By allocating CBC funds to these projects, funding room created would be available to fund Council priorities such as Affordable Housing and Climate Change.

Offsetting this capacity is the removal of Airport and Parking services as eligible under the *Development Charges Act*. The net result is an overall impact to the net levy over the ten-year period approximately \$36.6M.

Table 3
Capital Expenditures, CBC Funding and
Preliminary Tax Levy Impact

Services	Previous DC Funds	CBC Funds*	Special Growth Reserve Funds	Net Levy Impact
Airport	25,353,880	4,029,564	4,884,327	16,439,989
CBC Strategies	-	450,000	-	(450,000)
Corporate Initiatives	-	16,979	-	(16,979)
Council Initiatives	-	7,546	-	(7,546)
Culture	-	1,771,273	-	(1,771,273)
Information Technology	-	59,613	-	(59,613)
Landfill	-	2,800,134	-	(2,800,134)
Parking	32,251,548	5,168,821	6,360,984	20,721,743
Public Realm	-	3,745	-	(3,745)
Studies	5,798,815	1,213,095	-	4,585,720
Total	63,404,243	15,520,770	11,245,311	36,638,163
CBC Forecasted Collections		10,450,520		
CBC Reserve Balance		(5,070,250)		
*This assumes that we will utilize CBC supported debt to fund all eligible projects and cover the collections shortfall through debt				

Staffing: Like the Development Charges fee, the approval of a Community Benefits Charge Strategy and By-law will require an administration and implementation plan. Once collected, CBC's must be deposited in a reserve fund 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 60% of the monies that are in the special account at the beginning of the year. It is expected that additional resourcing will be required in both Corporate Services and Planning and Economic Development departments to ensure compliance with the legislation. At the present time, it is unknown what level of activity the CBC will generate. Once the program is in place, any new resourcing, which would have an impact on staffing levels, will be requested through future Budget processes.

Legal: The proposed By-law has been prepared by Legal Services. Once approved, the CBC By-law is subject to a 40-day appeal period. Any appeals to the CBC By-law will require further involvement from Legal Services staff.

HISTORICAL BACKGROUND

Chart 1 lists the key timelines for the development of the CBC Strategy and By-law.

Chart 1 – CBC Chronology

Date	Action
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.
June 6, 2019	The City's Audit, Finance and Administration Committee endorsed the City's draft comments as the City's official comments through the approval of Report FCS19057 / LS19023. 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 21, 2019	The Province released proposed 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 through Report FCS19057(a) / LS19023(a).
December 19, 2019	The Province announces changes to the DC Act General Regulation 454/19.
February 28, 2020	The Province releases additional proposed CBC regulation content.
April 15, 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 August 15, 2020) through Report FCS19057(b) / LS19023(b).
September 18, 2020	Ontario Regulation 509/20 Community Benefits Charges and Parkland filed.
June 3, 2021	AF&A Committee Meeting: Report FCS21048 included a summary of the legislative changes affecting the collection of revenues to support growth related infrastructure. Adopted by City Council on June 9, 2021.
November 19, 2021	Watson & Associates Economists Limited engaged to prepare CBC Strategy and By-law.
February 28, 2022	DC Stakeholders Meeting: Report FCS22015. Adopted by City Council on March 30, 2022.
April 12, 2022	DC Stakeholders Meeting: Report FCS22015(a) CBC Engagement and Draft Strategy. Adopted by City Council on April 27, 2022.
April 14, 2022	Bill 109, <i>More Homes for Everyone Act, 2022</i> , receives Royal Assent which requires CBC bylaw review every five years.

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POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipalities have until September 18, 2022 to transition to the new framework for Development Charges, Community Benefit 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.

With the change in the legislation, all services included in the City's current DC By-law remain eligible under the DCA, except for Parking Services, Airport Services and portions of Social Services (now can only include Child Care and Early Years Programs).

Services still eligible for DC collection include:

- Water supply services, including distribution and treatment services
- Wastewater services, including sewers and treatment services
- Storm water drainage and control services
- Services related to a highway
- Transit services
- Waste diversion services
- Policing services
- Fire protection services
- Ambulance services
- Public library services
- Long-term care services
- Parks and recreation services
- Public health services
- Childcare services
- Housing services
- Services related to proceedings under the *Provincial Offences Act*; and
- Emergency preparedness services.

The Act provides that the CBC charge could include capital costs for eligible DC services that are not intended to be funded under the City's DC By-law. Capital costs may include:

- (a) costs to acquire land or an interest therein (including a leasehold interest);
- (b) costs to improve land;
- (c) costs to acquire, lease, construct or improve buildings and structures;
- (d) costs to acquire, lease or improve facilities, including rolling stock (with a useful life of seven or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference, or information purposes;
- (e) interest on money borrowed to pay for the above-referenced costs;
- (f) costs to undertake studies in connection with the above-referenced matters; and
- (g) costs of the CBC Strategy study.

In addition, Table 4 identifies developments exempt from CBCs and services eligible for the application of funds received through Community Benefit Charges.

Table 4 – CBC Exempt Developments and CBC Eligible Services

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

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

Community Benefit Charges will be capped at a maximum of 4% of land value on the day before a building permit is issued. The charge must be justified through the development of a CBC Strategy (Appendix “A” to Report FCS22015(b)) which is similar to the approach used in the City’s Development Charges Background Study.

The City’s CBC Strategy prepared by Watson & Associates Economists Ltd. (Watson) contains data and information required under the *Planning Act* and the related regulations.

The Strategy:

- Includes 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;
- Includes 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;
- Considers the timing of eligible development (10 years);
- Includes estimates of the land values of the eligible developments and determine the estimated funding envelope based on 4% of the land value; and
- Ensures 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).

A comprehensive and time-sensitive schedule was put in place to meet the legislative deadline for the CBC Strategy and By-law while taking into consideration factors including public consultation, Committee and Council meetings, as well as, the upcoming municipal election.

Review of CBC By-law

Bill 109, More Homes for Everyone Act, 2022, which received Royal Assent on April 14, 2022, further amended section 37 of the *Planning Act* providing for reviews of CBC By-laws that are in effect. A CBC By-law that is in effect must be reviewed by Council five years from its passing and subsequently every five years thereafter. Upon each review, Council must pass a resolution declaring whether a revision to the CBC By-law is needed. If Council does not pass such a resolution, the CBC By-law shall be deemed to have expired on the day that is five years after the CBC By-law was passed or five years after the previous resolution.

RELEVANT CONSULTATION

Prior to passing a CBC By-law, the *Planning Act*, section 37(10) requires the City to consult with the public and such persons and public bodies as the City considers appropriate. An integrated public and industry stakeholder consultation process for the CBC Strategy has taken place throughout the development of the CBC Strategy and By-law.

A CBC Working Group comprised of key members of all City departments was formed to assist in gathering information necessary for the CBC Strategy and By-law. The Working Group was provided project updates and engaged in various discussions that were 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) received regular updates and provided guidance and direction throughout the process. Several financial and business analysts were integral in assisting in decision-making and information gathering where necessary throughout the process.

External consultation included the following:

- Two Development Industry Liaison Group (DILG) meetings
- Two Development Charges Stakeholder Sub-Committee meetings.

These targeted meetings were held to present the strategy's purpose, approach and proposed CBC By-law. Information about the CBC is available for the public to read and learn more about on the City's corporate website, as well as, posted to the Engage Hamilton platform: <https://engage.hamilton.ca/community-benefits-charges-strategy> providing education materials, key dates and timelines, presentation and videos of sub-committee meetings.

The CBC information has been available on this platform since early April 2022 for anyone interested in following the progress of the strategy. As of the end of May, total project page “engaged” visits equal five, 42 visitors are “informed” and 125 visitors to the site are considered “aware”. Appendix “D” to Report FCS22015(b) provides a summary of the feedback received through the Engage Hamilton platform. The external consultation process is like that of other municipalities going through the same process.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The following represents a high-level review of the components in the CBC process:

- Population growth forecasts and proposed development over the next 10 years;
- Estimated cost for future City services, facilities and infrastructure;
- Hamilton’s land values;
- Determination of the amount of money the City is estimated to collect based on eligible land values and expected development; and
- Allocation of revenue to eligible growth capital projects.

The CBC By-law will apply to all lands within the City. Unlike DCs, there is no mandatory requirement for CBCs to consider area rating of services. Through the CBC strategy process, discussions with City staff took place related to structuring the charge on a municipal-wide versus area-specific basis. As the services being provided in the strategy are not restricted to one specific area and are anticipated to be used by all residents with a City-wide benefit, the charges have been provided on a municipal-wide basis.

Land Valuation

As the CBC rate is applied against the value of land the day before a building permit is issued, average land values are required to be assessed throughout the City where development and redevelopment are anticipated. These land values are necessary to calculate the eligible CBC rate (up to a maximum of 4%). The City’s Corporate Real Estate Office provided average land valuations for properties anticipated for eligible high-density development.

The land valuations were provided for various locations throughout the City, including inside and outside the downtown secondary plan for the lower Hamilton area, the Ancaster / Dundas / Flamborough area and the Glanbrook / Stoney Creek / Upper Hamilton area. Further, inside the downtown secondary plan area, land values were provided for “mid-rise” units (i.e. buildings with five to 15 storeys) and “high-rise” units (i.e. buildings with greater than 15 storeys). Based on the growth forecast, density assumptions and land valuation assessment, the total land value for eligible high density was calculated to equal approximately \$261.3 M (see Table 5).

Table 5 – Land Valuation by Area and CBC Eligible Units

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value
Ancaster	-	\$5,000,000	130	-	\$0
Dundas	253	\$5,000,000	130	2.0	\$9,753,000
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000
Glanbrook	-	\$3,000,000	150	-	\$0
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000
Lower Hamilton (Inside the Downtown Secondary Plan Area):					
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000
Lower Hamilton (Outside the Downtown Secondary Plan Area)	1,010	\$8,000,000	280	3.6	\$28,857,000
Total	11,531			58.4	\$261,263,000

If a development or redevelopment consists of two or more above-grade buildings, that will not be constructed concurrently and will be built at different times, each phase being considered separate development or re-development. The CBC charge for the first building will be calculated at 4% of the land value the day before the building permit is issued. For each subsequent building, the CBC will be charged based on 4% at the land value date less the CBC paid for the first building. If the difference is zero or negative, no CBC will be charged. There will be no credit given to a developer by the City should the difference be less than zero. The proposed By-law (Appendix “B” to Report FCS22015(b)) reflects this change in proposed policy from what was previously posted publicly.

The housing unit mix for the City was derived from a detailed review of historical development activity, as well as, active residential development applications and discussions with City staff regarding anticipated development trends. The 2022 to 2032 household growth forecast for the City is comprised of a unit mix of 18% low density units (single-detached and semi-detached), 20% medium density (multiples except apartments) and 62% high density (accessory units, bachelor, 1-bedroom and 2-bedroom apartments) units.

A CBC may be imposed if the development of a proposed building or structure has five or more storeys at or above ground and has 10 or more residential units or redevelopment of an existing building or structure that will have five or more storeys at or above ground after redevelopment and proposes to add 10 or more residential units to an existing building or structure. Based on the above indicators, the the City can identify 11,531 CBC eligible units over the 10-year forecast period or 55% of the identified high density forecasted units.

Exemptions

The following is a list of CBC mandatory exemptions under Subsection 37(4) of the *Planning Act*.

- Long-term care homes
- Retirement homes
- Universities, colleges, and Indigenous Institutes
- Memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion
- Hospices

In addition to the exemptions noted above, the CBC will not apply to buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education.

The City of Hamilton's DC By-law has historically contained several discretionary DC policies with full or partial exemptions. In consultation with the CBC Working Group and the Senior Leadership Team, any discretionary exemptions included in the CBC policy and By-law are aligned with the current DC By-law while still in effect (expires June 2024). These include:

- A reduction in the amount of 40% of CBC's payable to the City providing that the property is within the boundaries of the Downtown CIPA as illustrated on Schedule "A" to the attached By-law (Appendix "B" to Report FCS22015(b)); and
- A reduction in the amount of 50% of CBC's payable to the City for the purpose of creating a Residential Facility or Lodging House within the existing Building envelope.

In-Kind Contributions

A municipality that has passed a CBC By-law may, but is not required, to allow the landowner to provide to the municipality: facilities, services or matters required because of development or redevelopment in the area to which the By-law applies. Prior to providing these contributions, the municipality shall advise the landowner of the value of the In-Kind contributions that will be attributed to them. This value shall be deducted from the amount the landowner would otherwise be required to pay under the CBC By-law.

In-Kind contributions will add a significant burden on administration and should be reviewed prior to the City consenting. Because of this and other considerations, In-Kind contributions will be considered at the sole discretion of the General Manager, Finance and Corporate Services. The value of the contribution must be evaluated by an external party prior to consideration by the City. The cost of the evaluation will be borne solely by the developer. All in-kind contributions must be endorsed by Council.

Special Reserve Fund Account

All funds collected under the CBC By-law are to be deposited into a special Reserve Fund (special account) and used solely for growth capital projects included in the CBC Strategy. CBC Reserve funds are to be invested in securities (as permitted under the *Municipal Act*) and the interest earnings shall be paid into the special account. In each year, a municipality must spend or allocate at least 60% of the monies that are in the special account at the beginning of the year. Like legislative DC reporting, the City must prepare reports and information as set out in section 7 of O. Reg. 509/20 outlining balances and use of funds.

As of September 18, 2022, changes to the Development Charges Act have also disallowed a municipality from collecting Development Charges for Airport or Parking Services. Funds currently in these respective DC Reserve Funds will be transferred into General Parking and Airport Reserve Funds to be used for these services in future capital projects.

Evaluating and Financing Capital Costs

For capital costs identified for recovery through a CBC, a review of the City's 2022-2031 approved 2022 Tax Capital Budget was undertaken. Each eligible capital project was assessed to determine if there were deductions required to the gross costs related to excess capacity, benefit to existing development and grants, subsidies, or other contributions known. The resultant net costs were then evaluated for CBC eligibility.

By evaluating the approved 2022-2031 Capital Budget, the City has identified eligible capital costs in the amount of \$15.5 M as outlined in Table 6, These costs are more than the maximum CBC revenue available (approximately \$10.45 M). The allocation of CBC revenue to eligible capital projects will be subject to the annual capital budget process, hence, allocations to individual projects will be identified at that time. Appendix "C" to Report FCS22015(b) provides a summary of the capital projects used in this analysis.

Table 6 – CBC Eligible Capital Costs by Service

Services	Gross Cost	Benefit to Existing Deduction	Grants, Subsidies & Other Contributions	Net Growth-Related Costs	C.B.C. Eligible Costs
D.C. Services Becoming Ineligible:					
Municipal Parking	65,447,500	37,892,500	156,000	27,399,000	5,168,821
Airport Services	27,380,000	6,020,000	-	21,360,000	4,029,564
Growth Studies	9,184,500	2,734,100	-	6,430,400	1,213,095
Total DC Services Becoming Ineligible	101,992,000	46,646,600	156,000	55,189,400	10,411,480
Other Capital Needs (based on 2022 Capital Plan):					
CBC Strategies	450,000	-	-	450,000	450,000
Landfill Services	25,349,000	6,290,900	6,539,900	12,518,200	2,800,134
Cultural Services	27,328,500	19,285,500	1,124,640	6,918,360	1,771,273
Public Realm Initiatives	198,450	178,600	-	19,850	3,745
Corporate Initiatives	900,000	810,000	-	90,000	16,979
Information Technology	3,160,000	2,844,000	-	316,000	59,613
Council Initiatives	400,000	360,000	-	40,000	7,546
Total Other Potential Capital	57,785,950	29,769,000	7,664,540	20,352,410	5,109,289
Total Potential Capital Program	159,777,950	76,415,600	7,820,540	75,541,810	15,520,770

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It should be noted that Affordable Housing is not listed as a service in Table 6. Currently, a comprehensive affordable housing program is still in its initial stages of development. Once this program has been advanced by the City, it will be considered as an eligible service funded through the CBC program. The City remains eligible to collect and fund Social Housing with both Development Charges and tax revenue.

The recommended financing option for approved and eligible capital projects (Table 7), allocates the estimated CBC revenue the City expects to collect over the next 10-year period. CBC revenue will be utilized to replace revenue lost through changes in DC Legislation for Airport and Parking Services, Studies and Cultural projects, as well as, to fund services required to accommodate growth that are not eligible to be funded by DCs. Projects included in these service areas would previously have been funded through the Capital levy (Table 7).

Table 7 – Allocation of CBC Funds to Capital Projects 2022-2031

Services	Previous DC Funds	CBC Funds*	Special Growth Reserve Funds	Net Levy Impact
Airport	25,353,880	4,029,564	4,884,327	16,439,989
CBC Strategies	-	450,000	-	(450,000)
Corporate Initiatives	-	16,979	-	(16,979)
Council Initiatives	-	7,546	-	(7,546)
Culture	-	1,771,273	-	(1,771,273)
Information Technology	-	59,613	-	(59,613)
Landfill	-	2,800,134	-	(2,800,134)
Parking	32,251,548	5,168,821	6,360,984	20,721,743
Public Realm	-	3,745	-	(3,745)
Studies	5,798,815	1,213,095	-	4,585,720
Total	63,404,243	15,520,770	11,245,311	36,638,163
CBC Forecasted Collections		10,450,520		
CBC Reserve Balance		(5,070,250)		
*This assumes that we will utilize CBC supported debt to fund all eligible projects and cover the collections shortfall through debt				

Table 7 also illustrates that, because of the legislated cap on the charge at 4%, collections of CBC funds are not sufficient to fund the mix of eligible growth capital projects. With both a loss of DC revenue and a shortfall of projected CBC revenue, funding for projects which require advancement will need additional funding, thereby necessitating an increase in the City's tax levy. In total, the tax levy impact could be \$36.6 M over the 10-year period. This would equate to an annual tax levy increase of approximately 0.37% annually over the 10-year period. Any increases to the tax levy would be dealt with during Budget deliberations in future budget processes.

By allocating CBC funds to these projects, funding room created would be available to fund Council priorities such as Affordable Housing and Climate Change.

ALTERNATIVES FOR CONSIDERATION

The alternative is to not enact a CBC By-law. Without a CBC By-law, the City will no longer be able to collect revenue for Airport, Parking Services and some studies or services. Not passing a CBC By-law translates into lost funding for these growth-related services. Should these services still be a priority by Council, additional tax funding will be required, thereby causing an increase in taxes.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent, and accessible approach to City government that engages with and empowers all citizens to be involved in their community

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

Appendix “A” to Report FCS22015(b) – Community Benefits Charge Strategy
Appendix “B” to Report FCS22015(b) – Community Benefits Charge By-law
Appendix “C” to Report FCS22015(b) – 2022-2031 CBC Eligible Capital Projects
Appendix “D” to Report FCS22015(b) – Engage Hamilton Summary Report
Appendix “E” to Report FCS22015(b) – CBC Reserve Policies

CP/dt