



 Watson  
& Associates  
ECONOMISTS LTD.

# City of Hamilton 2022 Community Benefits Charge

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AF&A Meeting

June 16, 2022

# Agenda



- Introductions
- What is a Community Benefits Charge?
- Methodology
- C.B.C. Growth Forecast and Land Valuation
- Cost Allocations
- Capital Costs and Calculated C.B.C. Rate
- Exemptions
- C.B.C. Process
- Next Steps
- Questions

# 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

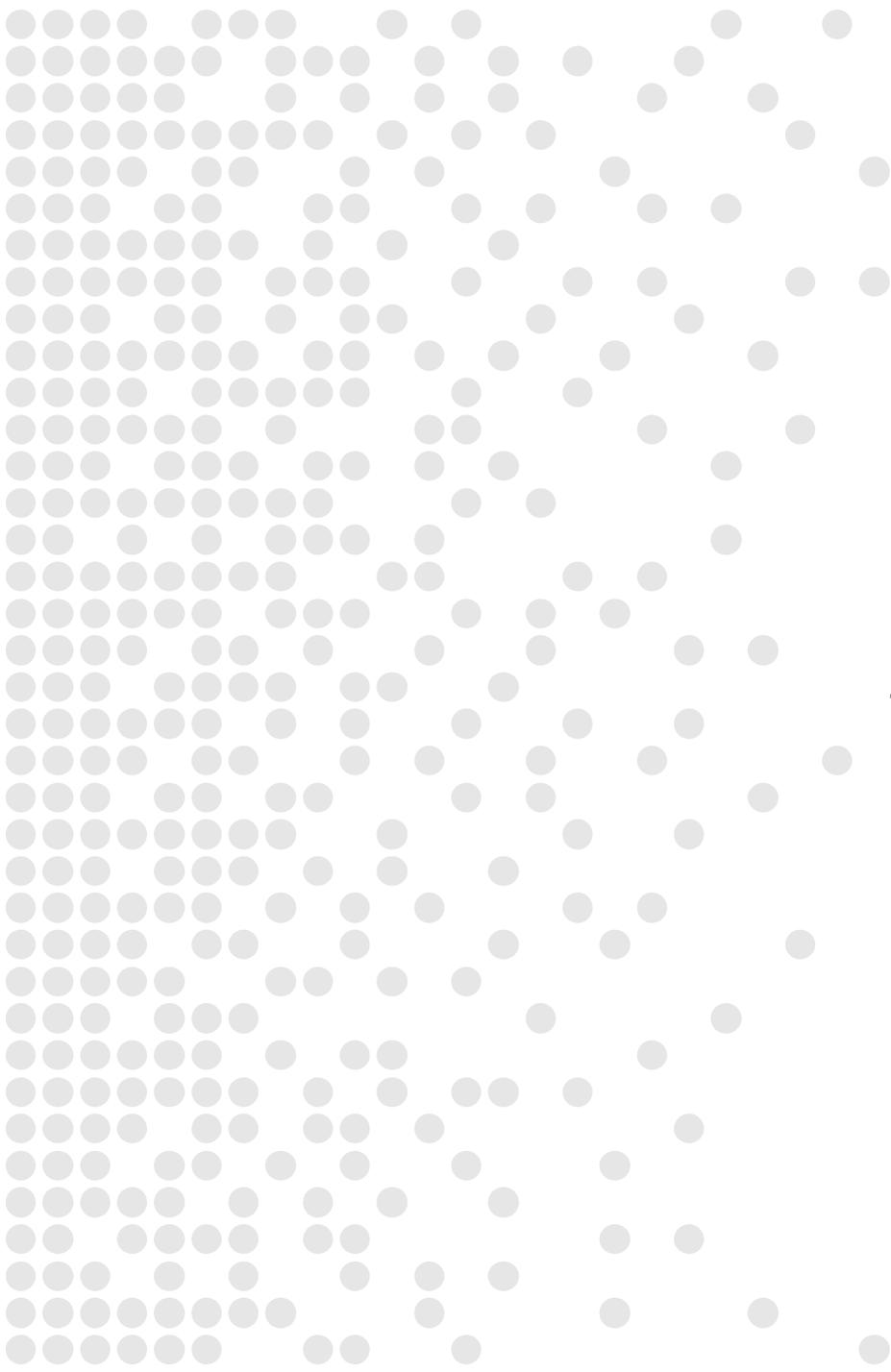
- D.C.A. amendments include changes to eligible services
  - All services included in the City's current D.C. By-law remain eligible under the D.C.A., except for Parking Services, Airport Services, and portions of Social Services (now can only include Child Care and Early Years Programs)
- Planning Act 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.
- 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

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City of Hamilton 2022  
C.B.C. Strategy



# Methodology of C.B.C. Strategy

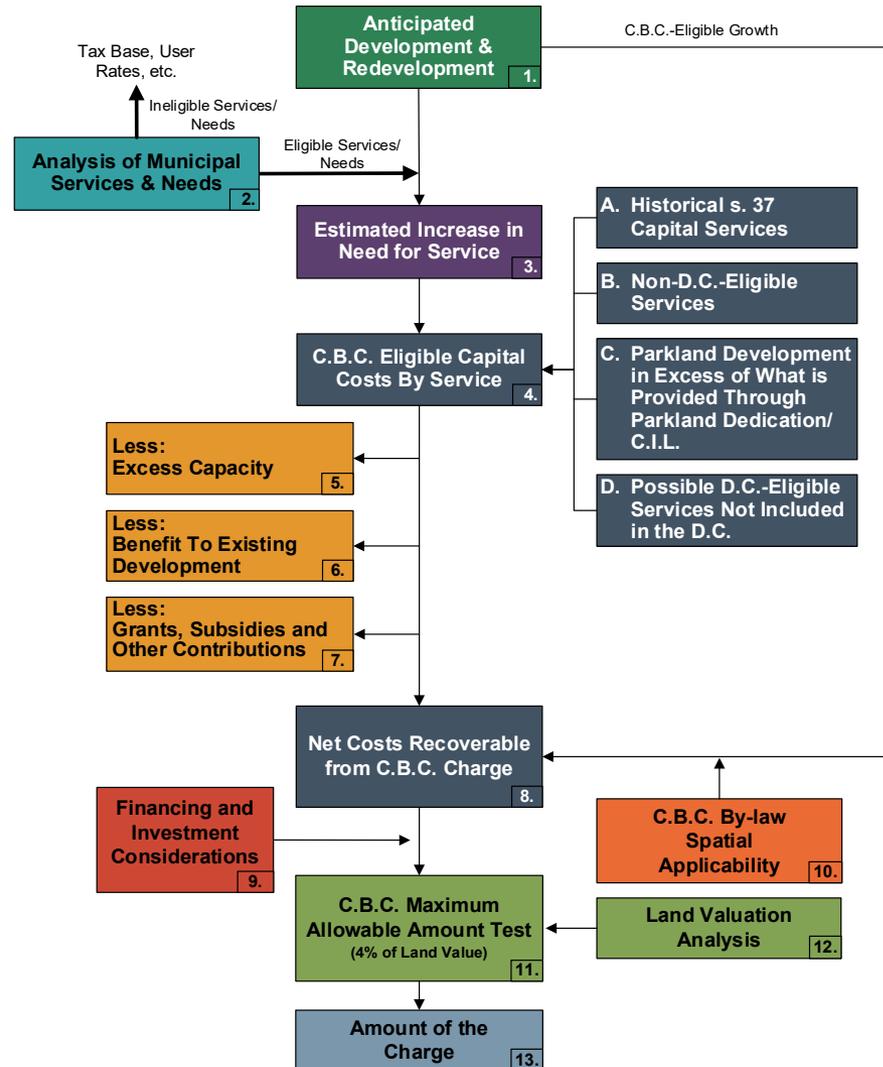
Community Benefits Charges will only apply to developments that are 5 storeys or more and have a minimum 10 residential units. As such the following must be assessed to determine the C.B.C. for the City:

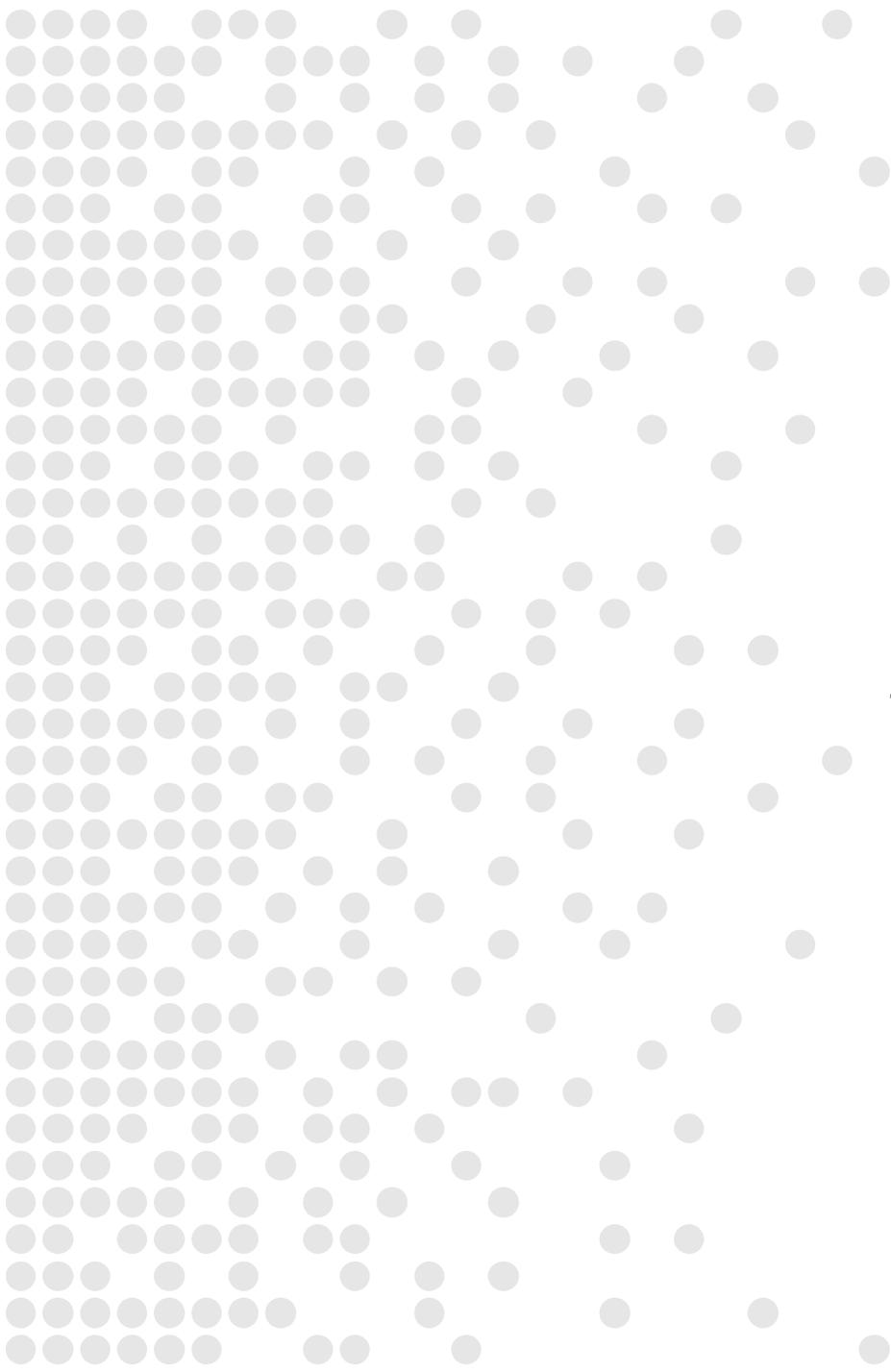
1. Determine the amount of anticipated development and redevelopment that will be eligible to have a C.B.C. imposed on it by reviewing the most recent growth forecast information, applications in the development process, etc.
2. Estimate the land values of the eligible developments/redevelopments in 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





# C.B.C. Land Valuation and Growth Forecast

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C.B.C. Strategy

# Growth Forecast



The City's C.B.C. growth forecast for 2022 to 2032 has considered:

- Growth Related Integrated Development Strategy (G.R.I.D.S.) 2 “No Urban Boundary Expansion Scenario”
- Developments at various stages of the planning process anticipated to take place in the 10-year forecast period (i.e. registered, draft approved, pending)
- Developments in the planning process by area of the City

# Growth Forecast



Development Location	Timing	Single & Semi-Detached	Multiples <sup>(1)</sup>	Apartments <sup>(2)</sup>			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	mid 2022 - mid 2032	656	566	471	0	471	1,693	4,309	(481)	3,828	88	3,916
Dundas	mid 2022 - mid 2032	46	61	0	253	253	360	711	(288)	423	53	476
Flamborough	mid 2022 - mid 2032	854	975	2,646	307	2,953	4,782	9,989	(506)	9,483	93	9,576
<b>Sub-Total Ancaster, Dundas &amp; Flamborough</b>	<b>mid 2022 - mid 2032</b>	<b>1,556</b>	<b>1,602</b>	<b>3,117</b>	<b>560</b>	<b>3,677</b>	<b>6,835</b>	<b>15,009</b>	<b>(1,275)</b>	<b>13,734</b>	<b>234</b>	<b>13,968</b>
Glanbrook	mid 2022 - mid 2032	2,030	1,749	197	0	197	3,976	11,268	(354)	10,914	65	10,979
Upper Hamilton	mid 2022 - mid 2032	1,230	1,188	1,890	3,889	5,779	8,197	16,375	(1,816)	14,559	332	14,891
Stoney Creek	mid 2022 - mid 2032	843	1,658	1,534	2,837	4,371	6,872	13,863	(824)	13,039	151	13,190
<b>Sub-Total Glanbrook, Stoney Creek and Upper Hamilton</b>	<b>mid 2022 - mid 2032</b>	<b>4,103</b>	<b>4,595</b>	<b>3,621</b>	<b>6,726</b>	<b>10,347</b>	<b>19,045</b>	<b>41,506</b>	<b>(2,994)</b>	<b>38,512</b>	<b>548</b>	<b>39,060</b>
Lower Hamilton (inside Downtown Secondary Plan)	mid 2022 - mid 2032	2	3	14	3,235	3,249	3,254	5,323	(577)	4,746	23	4,769
Lower Hamilton (outside Downtown Secondary Plan)	mid 2022 - mid 2032	312	612	2,652	1,010	3,662	4,586	8,468	(1,519)	6,949	360	7,309
<b>Sub-Total Lower Hamilton</b>	<b>mid 2022 - mid 2032</b>	<b>314</b>	<b>615</b>	<b>2,666</b>	<b>4,245</b>	<b>6,911</b>	<b>7,840</b>	<b>13,791</b>	<b>(2,096)</b>	<b>11,695</b>	<b>383</b>	<b>12,078</b>
<b>City of Hamilton</b>	<b>mid 2022 - mid 2032</b>	<b>5,973</b>	<b>6,812</b>	<b>9,404</b>	<b>11,531</b>	<b>20,935</b>	<b>33,720</b>	<b>70,306</b>	<b>(6,365)</b>	<b>63,941</b>	<b>1,165</b>	<b>65,106</b>

- The location of the anticipated high-density growth has been broken out into several areas across the City.
- 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 20,935 apartment units identified for the 10-year forecast period, 11,531 units would be considered C.B.C. eligible units.

# Land Valuation



- Staff from the City's Corporate Real Estate Office undertook land value estimates to assist with the implementation of this C.B.C. strategy.
- The land valuations were based on high density residential lands summarized for major areas within the City.

Area	Estimated Median (\$/acre)
Upper Hamilton, Stoney Creek, Glanbrook (Map 1 – Area 2)	\$3,000,000
Ancaster, Dundas, Flamborough, Westdale (Map 1 - Area 1)	\$5,000,000
Lower Hamilton Outside of Downtown Secondary Plan Area (Map 1 – Area 3)	\$8,000,000
Downtown Secondary Plan Area - Low-Rise & Mid-Rise (Map 2)	\$8,000,000
Downtown Secondary Plan Area - High-Rise (Map 2)	\$13,500,000



# Total Land Values for Growth Forecast

- Based on eligible properties and weighted land values, average densities were assigned to each area to generate the estimated total acres of high-density land to be developed.
- The maximum C.B.C. percentage of 4% would generate approximately \$10.45 million of revenue.

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
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		
<b>Total</b>	<b>11,531</b>			<b>58.4</b>	<b>\$261,263,000</b>	<b>4%</b>	<b>\$10,450,520</b>

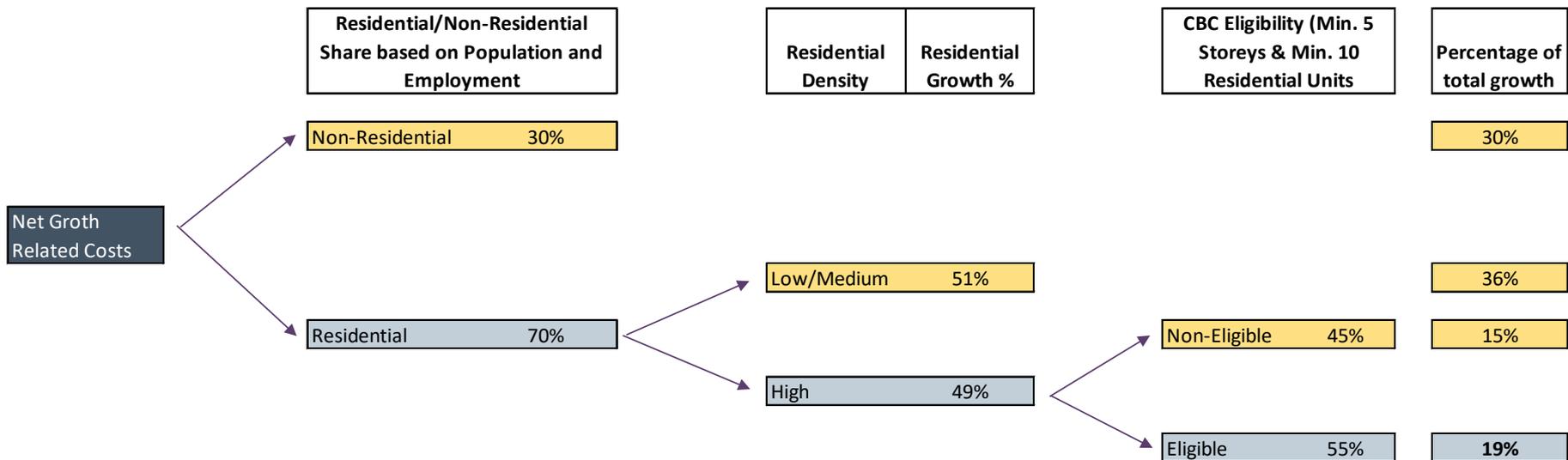


# Cost Allocations

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C.B.C. Strategy

# Example – C.B.C. Recovery for Municipal-Wide Services



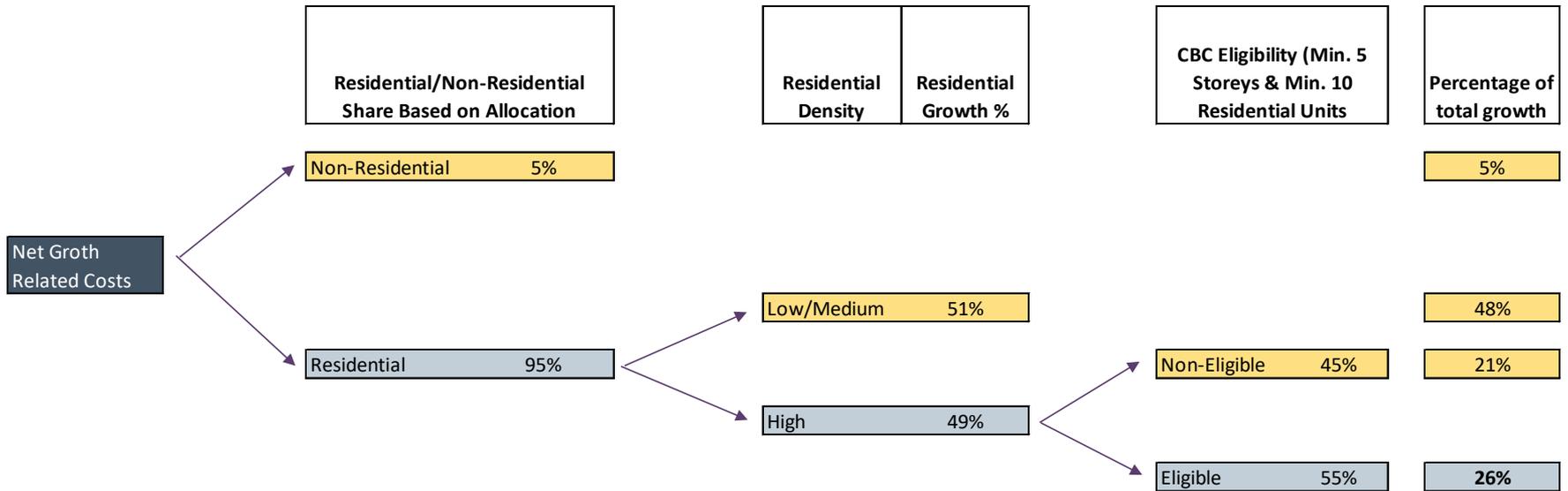
<sup>1</sup> Gross Cost is net of deductions for Benefit to existing, excess capacity, grants, subsidies, and other contributions, etc.

- Allocation between residential and non-residential growth would be based on the incremental growth in population and employment as provided in the D.C. Growth Forecast.
- Approx. 19% of Municipal-wide C.B.C. eligible cost could be recovered (e.g. parking services, expansions to administration facility, public art, etc.)



# Example – C.B.C. Recovery for Parks, Recreation & Cultural Services

## Parks, Recreation, Culture



<sup>1</sup> Gross Cost is net of deductions for Benefit to existing, excess capacity, grants, subsidies, and other contributions, etc.

- Allocation between residential and non-residential growth is based on the same allocation made for parks, recreation and library services as provided in the D.C. Study.
- Approx. 26% of Municipal-wide C.B.C. eligible cost could be recovered (e.g. museum, art centre, parkland acquisition not recovered through parkland dedication/C-I-L, former services recovered under Section 37 of the Planning Act, etc.)

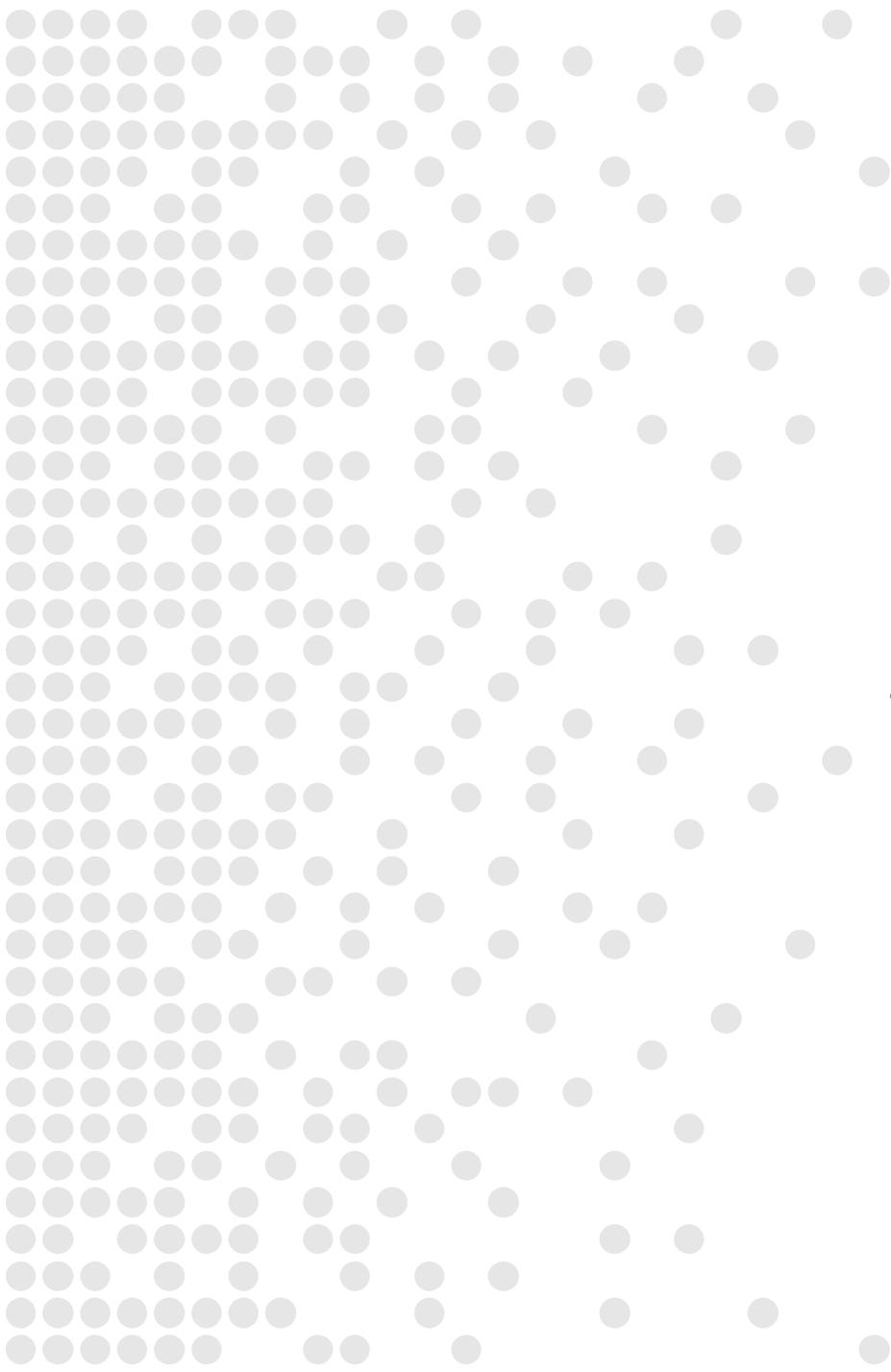


# C.B.C. Funding Calculation

- 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 \$261.26 million.
- The maximum C.B.C. percentage of 4% would generate \$10.45 million of revenue.
- This would require capital projects in the range of \$41-\$55 million depending on the services included.

Area	Total C.B.C. 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	C.B.C. %	Potential C.B.C. Revenue
Ancaster	-	0%	\$5,000,000	\$0	130	-	\$0		
Dundas	253	2%	\$5,000,000	\$109,704	130	2.0	\$9,753,000		
Flamborough	307	3%	\$5,000,000	\$133,119	130	2.4	\$11,834,000		
Glanbrook	-	0%	\$3,000,000	\$0	150	-	\$0		
Upper Hamilton	3,889	34%	\$3,000,000	\$1,011,794	150	25.9	\$77,780,000		
Stoney Creek	2,837	25%	\$3,000,000	\$738,097	150	18.9	\$56,740,000		
Lower Hamilton (Inside the Downtown Secondary Plan Area):									
Mid-Rise (5-15 Storeys)	40	0%	\$8,000,000	\$27,751	510	0.1	\$628,000		
High-Rise (Over 15 Storeys)	3,195	28%	\$13,500,000	\$3,740,569	570	5.6	\$75,671,000		
<b>Total</b>	<b>11,531</b>	<b>100%</b>		<b>\$6,461,755</b>		<b>58.4</b>	<b>\$261,263,000</b>	<b>4%</b>	<b>\$10,450,520</b>

City-Wide Projects based on Population/Employment Splits - CBC Recovery from High Density Development - Gross Cost Required for Projects	19%	\$55,396,342
Culture, Parks, Recreation, etc. - CBC Recovery from High Density Development - Gross Cost Required for Projects	26%	\$40,818,358



# Capital Costs and Calculated C.B.C. Rate

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C.B.C. Strategy

# 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 Removed from D.C.: Parking, Airport, Portions of Social Services, 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 (if applicable);
- Parkland Acquisition, except for parkland dedication related; and
- D.C. eligible services (Growth-related capital not included in the D.C.).

# Capital Project Summary



Services	Gross Cost	Benefit to Existing Deduction	Grants, Subsidies & Other Contributions	Net Growth-Related Costs	C.B.C. Eligible Costs
<b>D.C. Services Becoming Ineligible:</b>					
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	9,164,500	2,734,100	-	6,430,400	1,213,095
<b>Total DC Services Becoming Ineligible</b>	<b>101,992,000</b>	<b>46,646,600</b>	<b>156,000</b>	<b>55,189,400</b>	<b>10,411,480</b>
<b>Other Capital Needs (based on 2022 Capital Plan):</b>					
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
<b>Total Other Potential Capital</b>	<b>57,785,950</b>	<b>29,769,000</b>	<b>7,664,540</b>	<b>20,352,410</b>	<b>5,109,289</b>
<b>Total Potential Capital Program</b>	<b>159,777,950</b>	<b>76,415,600</b>	<b>7,820,540</b>	<b>75,541,810</b>	<b>15,520,770</b>

Total Potential Capital Program - C.B.C. Eligible Costs	\$15,520,770
Total Land Valuation (10-Year Forecast)	\$261,263,000
<b>Percentage of Land Value Required to fund the C.B.C. Eligible Costs</b>	<b>6%</b>

Legislative Maximum C.B.C. Percentage of Land Value	4%
Total Land Valuation (10-Year Forecast)	\$261,263,000
<b>Maximum Eligible Amount based on Total Land Valuation</b>	<b>\$10,450,520</b>

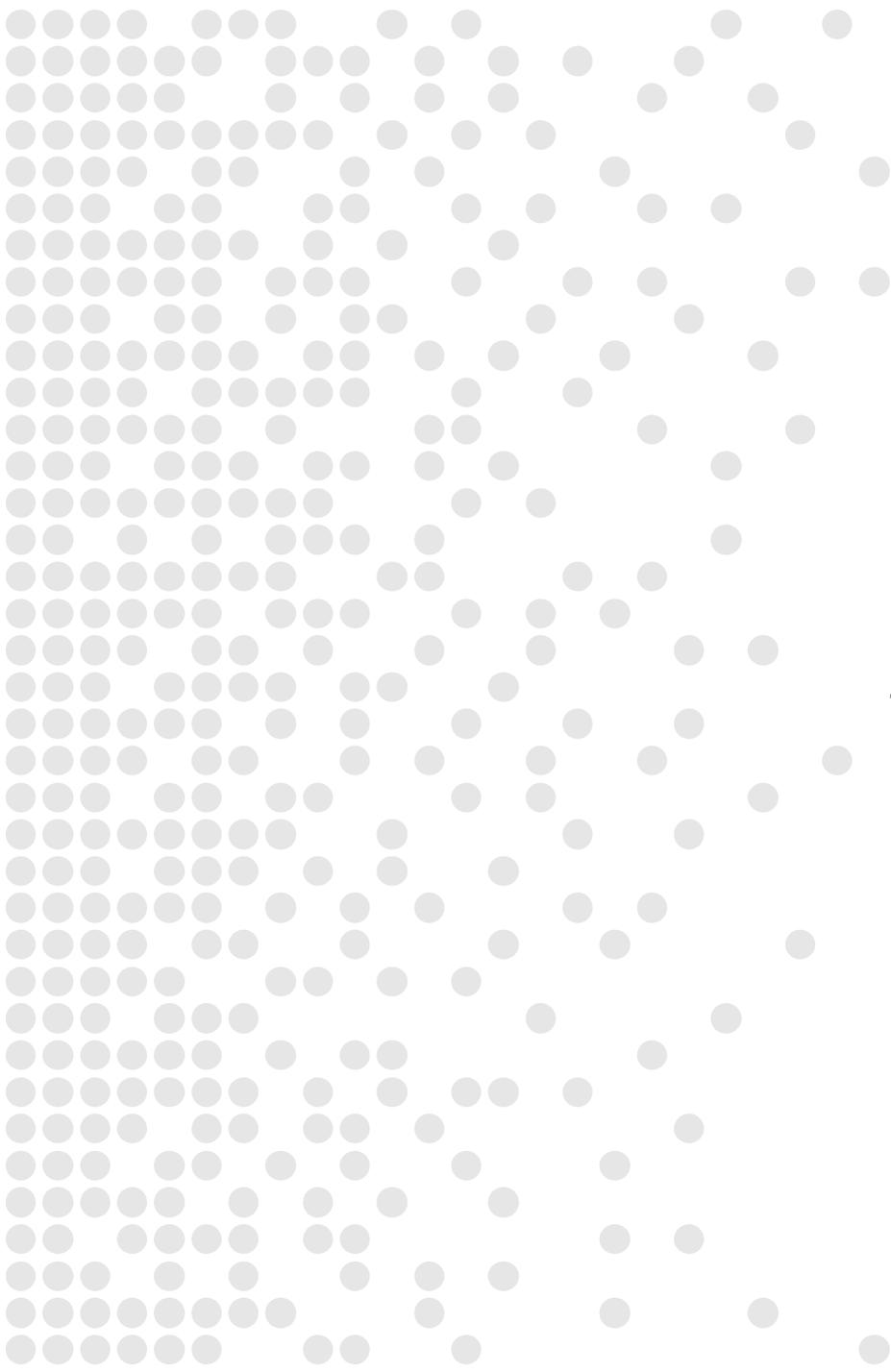
<b>Amount In Excess of Maximum Eligible Amount</b>	<b>\$5,070,250</b>
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# Calculated C.B.C. Rate

As per the Planning Act, the maximum a municipality can impose for a C.B.C. is equal to 4% of the land value of a property, the day before building permit issuance. Based on the total land value, the estimated potential C.B.C. recovery for the City equates to just over \$10.45 million

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



# Exemptions

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City of Hamilton 2022

C.B.C. Strategy



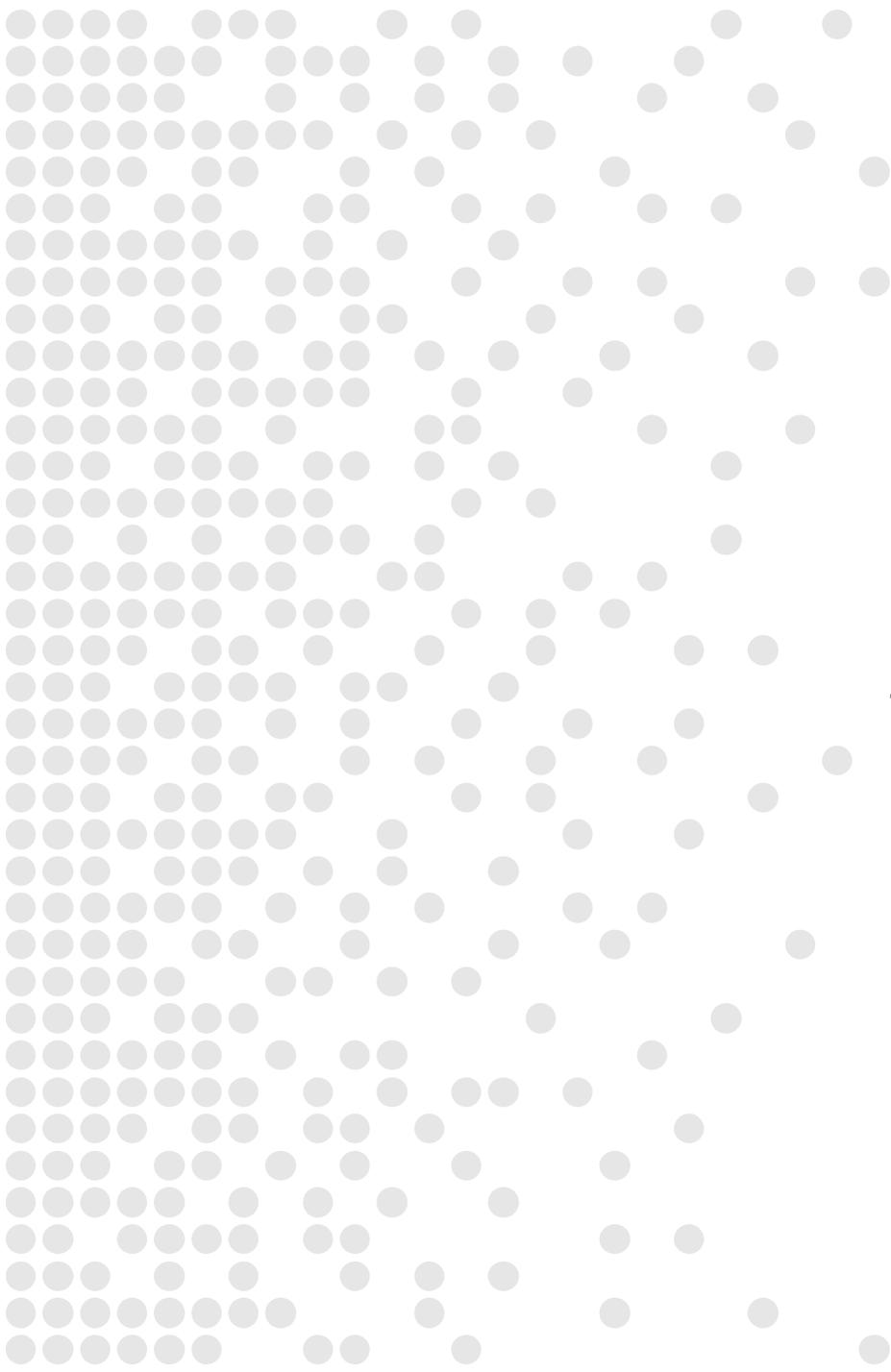
# Exemptions

## Mandatory:

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

It is recommended that the C.B.C. policy align with the Development Charges (D.C.) by-law with regards to the following discretionary exemptions:

- 40% reduction within Downtown CIPA; and
- 50% reduction for Residential Facility or Lodging House.

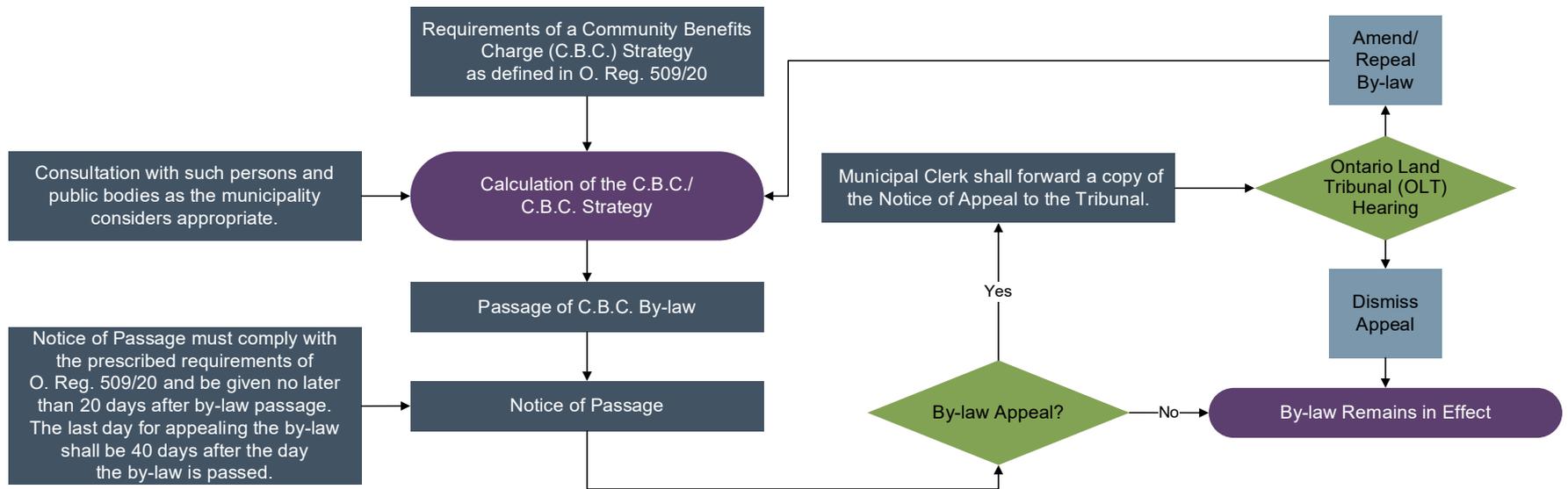


# C.B.C. Process

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# C.B.C. Process



# Next Steps – C.B.C. Strategy



- By-law Passage July 8, 2022



Questions?