PAUL BROWN
& ASSOCIATES INC.

February 20, 2024

Sent by e-mail
tamara.bates@hamilton.ca

Audit, Finance & Administration Committee
City of Hamilton
71 Main Street West
Hamilton, ON
L8P 4Y5

Attention: Ms. Tammy Hwang
Chair, Councillor Ward 4

Re: City of Hamilton Development Charges Background Study
Audit, Finance & Administration Committee – February 22, 2024
Agenda Item No. 10.1 (Report No. FCS23103(a))
ALBA Developments – 844 Glancaster Road

Dear Councillor Hwang and Members of Committee,

On behalf of our client, we are writing to you regarding the City of Hamilton's (the City) proposed update to the 2019 Development Charges By-law (DC Bylaw) and the 2024 Development Charges Background Study (the study) brought forward to Committee today.

We represent ALBA Developments (ALBA), who own approximately 66 acres of greenfield lands located within the Airport Employment Growth District (AEGD) Secondary Plan. ALBA's lands are located on the west side of Glancsaster Road, south of Book Road.

ALBA, formerly known as RFA Developments, is a well-respected Toronto based commercial/industrial developer who have been active in the City of Hamilton since 2021 with additional projects currently under construction in both the Red Hill and Stoney Creek Business Parks on Glover Road and South Service Road respectively. Their latest venture will be the construction of approximately 1.2 million square feet of industrial space adjacent to the Hamilton Airport, on the above noted Glancaster Road lands, with the potential for bringing more than 600 new jobs to the City of Hamilton.

With respect to the 2024 DC By-law update, we have reviewed the City's staff report (FCS23103(a)) and the Background Study prepared by Watson & Associates, and on behalf of ALBA, we would like to take this opportunity to provide comment and express our objections: not only to the recommended general increase in the proposed DC charges, but also the suggested removal of key exemptions – each of which will have significant financial implications to our clients proposed development, as well as the overall integrity of attracting business not only to the AEGD Secondary Plan Area, but the greater City of Hamilton.

Paul Brown & Associates Inc.
Municipal Consultants and Advisors
162 Guelph St., Suite 225
Georgetown, ON
L7G 5X7
Phone (416) 346-7227 Email: paulb@pbpm.ca

As it relates to ALBA's Glancaster Road development, we provide the following comments:

Firstly, the recommended overall increase to the non-residential DC rate is concerning and will result in significant financial impacts to the proposed development (already exasperated by an increase in overall construction hard costs and current market conditions) and putting feasibility of the project at risk. This scenario would not be isolated to our client's development proforma, but others who have invested (or plan to invest) in the AEGD Secondary Plan Area.

Despite the remarkable efforts of its successful Economic Development program, the City should be deeply concerned as this would have severe consequences to the marketability of the AEGD Secondary Plan Area, as well as other industrial lands located throughout the City, by making them much less competitive against other municipalities for attracting new business. Specifically, future employment growth and much needed jobs could be lost to nearby City of Brantford, whose current DC rate for industrial development is a mere $10.97 per square foot ($118.10 per sq.m). Under the proposed recommendations for the DC By-law, the City of Hamilton's new industrial rate would be $41.48 per square foot – a **148% increase** from the current discounted rate. For your information and further comparison below is a summary of current industrial/non-residential DC rates being charged by other nearby municipalities, as currently posted on their respective webpages:

County of Brant	$10.73 per square foot	
Town of Grimsby	$10.27 per square foot	**up to 100% Regional DC grant available
City of Kitchener	$16.14 per square foot	**includes 60% industrial (Regional) discount
City of Guelph	$27.44 per square foot	*effective March 2, 2024
City of Burlington	$28.68 per square foot	*includes Regional DC payable
Town of Oakville	$29.70 per square foot	*includes Regional DC payable
City of Mississauga	$32.95 per square foot	*includes Regional DC payable

Secondly, the "reduced industrial rate" is suggested to be removed from the DC By-law, and should be carried forward. This has been a key driver in the development of the project proforma on the Glancaster Road lands – keeping the development costs within a feasible range and making Hamilton an attractive investment for ALBA to consider. Together with the overall increase in the DC rate discussed in the previous paragraph, the removal of the reduced rate for industrial properties would render ALBA's proposed development unfeasible, and may require our client to reevaluate their investment – putting the development on hold until further notice, or selling the lands altogether.

Thirdly, the exemption to industrial building expansions should also be maintained in the new DC By-law. If this exemption is not renewed, this would have serious limitations on the potential expansion of industrial uses and reduce future job growth within the AEGD Secondary Plan Area. It would be a useful tool to ensure any jobs created within the City of Hamilton stay within the City of Hamilton.

Lastly, a delayed phase-in of the new DC rates should be included in the new DC By-law – specifically for lands located within the AEGD. A number of key infrastructure projects in the AEGD Secondary Plan are still in the planning stages (Environmental Assessment), and not yet under construction. Municipal services will not be available, and as such, developers in this area (such as ALBA) will not see the opportunity to have building permits issued until at least the 5th or 6th year of the life of the by-law – beyond the mandatory phase-in requirements imposed by the Province under Bill 23. It would therefore be appropriate to consider a specific phase-in policy for these lands and protect their economic feasibility to ensure they bring the desired jobs to the AEGD Secondary Plan area.

In closing, we understand and appreciate the principle that development charges are intended to ensure that the costs of new infrastructure are paid by new development and not by the overall tax base ("growth pays for growth"). Although an increase to the DC rates may appear to be attractive as a way to facilitate this mandate, implementing too large of an increase may prove to be counter-intuitive to reducing the municipal tax burden. If increased development costs inhibit the developability of the City's industrial lands, then the anticipated DC revenue cannot be generated to offset any potential tax increase – not to mention the additional tax revenue that would be generated by the industrial development itself. Respectfully, please take this and the above comments into consideration during your deliberations.

We thank the City of Hamilton for providing us the opportunity to submit this letter and sincerely urge this Committee to take these objections into consideration, among the other delegations brought forward today, and direct staff to revise their recommendations accordingly. We also reserve the right to appeal the By-law, should our concerns not be addressed.

Yours Truly,

Paul Brown & Associates Inc.

Justin Mamone, BES, MCIP, RPP
Associate

Paul Brown
President

cc: Barry White, ALBA Developments
Andres Kivi, ALBA Developments

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