

April 3, 2024

To: Chair Hwang and Members of the Audit, Finance and Administration Committee
City of Hamilton
71 Main Street, Hamilton

Thank you, Chair Hwang, for putting forward the amending motion on the April 4, 2024, Audit, Finance and Administration Committee (Special) agenda. The REALTORS® Association of Hamilton Burlington (RAHB) supports the analysis requested in the amended motion. RAHB has been advocating for maintaining the Residential Downtown CIPA DC Exemption as we collectively weather the current economic downturn.

RAHB remains concerned with the timing of removing the Residential Downtown CIPA DC Exemption. The post-COVID economy has posed challenges to the financial viability of new residential development. Increased labour costs, building materials, and interest rates are making a growing number of housing projects unfeasible. We are seeing desperately needed housing projects deferred, even with the current Residential Downtown CIPA exemptions. Removing the exemptions will only exacerbate the problem. As such, this may be the worst time to remove or reduce exemptions and add costs to developing much-needed housing.

Forgoing a percentage of development charges may seem like a loss of municipal revenue, but we must also consider the long-term gain of year-over-year increases in property tax revenue. Underused lots bring in substantially less annual property taxes than a high-rise, multi-unit residential building. For example, a downtown lot where a 931-unit building is under construction has been earning the city approximately \$20,000 in annual property taxes. However, once completed, the residential units will increase the taxes collected to approximately \$2,000,000 annually. The city gains much-needed housing units and property tax revenue. Developing the lot also fuels the downtown businesses economy and thus increases the tax revenue from this sector as well. If developers must delay or cancel residential development projects, the city will lose housing units and millions in yearly property tax increases both on the residential and commercial sides of the coin.

Every dollar invested in our downtown has the potential to generate significant returns. Continued investment in our downtown area will maintain and bolster economic growth. Ultimately, maintaining the incentives is essential to achieving the city's housing targets.

The most important long-term strategy to promote housing affordability is ensuring adequate supply. Reductions in development charges are a relatively easy way to invest in our downtown while positively impacting housing supply and municipal budgets.

If Hamilton has any chance of spurring a much-needed building boom in this economy, we must continue offering incentives. RAHB asks that the City of Hamilton maintain the Residential Downtown CIPA DC Exemption incentive as we work through this financial slump.

Thank you for accepting this correspondence on behalf of RAHB's nearly 3,800 local REALTOR® members. Housing policy issues such as the supply of attainable, affordable ownership and rental housing are a priority for our members. As such, we strongly recommend that the City maintain the Residential Downtown CIPA DC Exemption. We appreciate the difficult task you have taken on as stewards of our city. We are here to help and encourage you to contact us if we can be of assistance. Thank you for this opportunity to provide input.

Sincerely,

Julie Sergi
President-Elect REALTORS® Association of Hamilton-Burlington