



DCPP-CBC-001
COMMUNITY BENEFITS CHARGES RESERVE FUND POLICY

Approval: Pending

Audit Finance & Administration Committee Staff Report FCS24042

RESERVE DETAILS	
Reserve Name	Community Benefits Charges Reserve Fund (“CBC Reserve Fund”)
Reserve Number	110500
RESERVE POLICY	
Policy Statement	<p>The objective of the CBC Reserve Fund Policy is to establish guidelines for use and ensure adequate financial oversight for the obligatory CBC Reserve Fund.</p> <p>This Policy is prepared in accordance with the requirements of the <i>Planning Act, 1990</i> (“Planning Act”).</p>
Scope	<p>This Policy applies to the obligatory CBC Reserve Fund (110500) which was established by Council through the adoption of the recommendations to Report FCS22015(b) on June 22, 2022.</p> <p>This Policy is applicable to all members of Council and Staff responsible for the allocation of funds to and from the CBC Reserve Fund.</p> <p>This Policy replaces any existing CBC Reserve Fund Policy.</p>
Purpose	The purpose of the CBC Reserve Fund is to hold and distribute funds collected in accordance with the CBC By-Law. These funds are to be distributed exclusively for financing eligible growth-related capital projects as approved by Council.
Transparency	<p>The CBC Reserve Fund Policy is to be made available to the public.</p> <p>Reserve expenditures and revenues are expected to be fully disclosed. The disclosure will be facilitated through:</p> <ul style="list-style-type: none"> • Annual Special Account Report as required by the Planning Act. • Annual Reserve Report



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<p>Related Legislation and Principles</p>	<p>CBCs and the CBC Reserve Fund are subject to the following legislation and principles:</p> <p>Planning Act</p> <ul style="list-style-type: none"> • Enables a municipality to establish a By-Law for CBCs and to collect fees in accordance with the By-Law and the Act. • Establishes an upper limit for the calculation of CBCs and various exemptions. • Requires that CBCs collected must be held in a special account that bears interest. The CBC Reserve Fund in conjunction with the Development Charges-Community Benefits Charges Transition Reserve Fund (110501) has been designated as this special account. • Requires that at least 60 percent of the funds held in the special account at the beginning of the year be spent or allocated. • Requires that a special account report be prepared annually on the activities of the special account. <p>Canadian Public Sector Accounting Standards</p> <ul style="list-style-type: none"> • Developed by the Public Sector Accounting Board to establish standards for public sector accounting. <p><i>Municipal Act</i> Establishes authority and responsibilities related to budgeting, reserve funds and debentures.</p> <p>City of Hamilton CBC By-Law</p> <ul style="list-style-type: none"> • Outlines the specific regulations and procedures for the collection and use of CBCs for the City of Hamilton. <p>Requirements under the Planning Act and Canadian Public Sector Accounting Standards take precedence over the City of Hamilton's CBC By-Law should a conflict arise.</p> <p>Related City of Hamilton Policies</p> <ul style="list-style-type: none"> • Appropriation and Work-In-Progress Transfer Policy • Debt Management Policy
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<p>Definitions</p>	<p>“CBC” refers to Community Benefits Charges.</p> <p>“CBC Reserve Fund” refers to the Community Benefits Charges Reserve Fund (110500).</p>
<p>Usage and Limitations</p>	<p>Compliance</p> <ul style="list-style-type: none"> • The City of Hamilton must comply with all requirements under the Planning Act, Canadian Public Sector Accounting Standards and any other applicable legislation. <p>Project Funding</p> <ul style="list-style-type: none"> • Funds held in the CBC Reserve Fund are to be used exclusively to fund eligible capital projects identified through the CBC Strategy or subsequent review. • Funds are to be transferred from the CBC Reserve Fund to capital projects as expenses are incurred on a proportional basis. i.e., eligible growth share % * total expenses to date. • Appropriations of funding must conform to the Capital Projects’ Budget Appropriation and Work-in Progress Transfer Policy. • All budgeted financing from the CBC Reserve Fund must be approved by Council. <p>Internal Borrowing</p> <ul style="list-style-type: none"> • Internal borrowing from the CBC Reserve Fund is prohibited. <p>External Borrowing</p> <ul style="list-style-type: none"> • External borrowing related to the CBC Reserve Fund is prohibited. <p>Deficits</p> <ul style="list-style-type: none"> • The CBC Reserve Fund is not permitted to enter a deficit position. <p>Reserve Period</p> <ul style="list-style-type: none"> • The CBC Reserve Fund is expected to remain open indefinitely as it is a tool to fund the long-term growth withing the City.



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Source of Funding	<p>The sources of funding for the CBC Reserve Fund are:</p> <ul style="list-style-type: none"> • Community Benefits Charge: charge applied to development or redevelopment where the proposed building will contain 5 or more stories and 10 or more residential units. CBCs are equivalent to 4 percent of the land value, calculated in accordance with Section 37 and Ontario Regulation 509/20 of the Planning Act and the City of Hamilton CBC By-Law. • Interest: accrued on the balance in the reserve fund as legislatively permitted and distributed annually. <p>There are no alternative funding sources available, and no other funds are permitted to be held in the CBC Reserve Fund.</p>
Target Balance	<p>CBC Reserve Fund balances are primarily driven by development activity and planned capital expenditures. The long-term target balance is nil as all funds shall be allocated to eligible growth projects. The target minimum balance for the CBC Reserve Fund in a given year is equivalent to the forecasted expenditures for the following year; after considering approved, but not yet transferred funds.</p> <p>There is no maximum balance for the CBC Reserve Fund. Deficits are not permitted as outlined in the Usage and Limitations Section of this Policy.</p>
Policy Owner	<p>Director, Financial Planning, Administration and Policy, Corporate Services Department</p>
Administration	<p>Responsible Department</p> <ul style="list-style-type: none"> • Development Charges, Programs and Policies, Financial Planning, Administration and Policy, Corporate Services Department is responsible for the administration of the CBC Reserve Fund Policy. <p>Policy Updates</p> <ul style="list-style-type: none"> • The CBC Reserve Fund Policy may be updated when legislated changes to the Planning Act or Council adopted changes to the CBC By-Law affect any component of the policy; or when municipal best practices are identified as conflicting with the policy.



	<p>Policy Review Frequency</p> <ul style="list-style-type: none">• If no legislative or Council adopted changes occur, the Policy is to be reviewed, at a minimum, during the completion of each CBC Strategy Review. <p>Policy Update Process</p> <ul style="list-style-type: none">• Amendments to the CBC Reserve Fund Policy must be presented to Council for approval.
Version History	(1) 22-Jun-2022: Initial adoption of DC-CBC Transition Reserve Fund Policy