

CITY OF HAMILTON

MOTION

Council Date: October 23, 2024

MOVED BY COUNCILLOR N. NANN.....

SECONDED BY COUNCILLOR

Federation of Canadian Municipalities (FCM) Advocacy regarding Development Charge Freeze

WHEREAS, in April 2024, as part of their budget, the federal government announced a \$6B Canada Housing Infrastructure Fund to be made available to provinces and municipalities if certain conditions are met;

WHEREAS, the federal government requires provinces to enter into an agreement to access \$5 billion of the \$6 billion Canada Housing Infrastructure Fund allocated for provinces and territories;

WHEREAS, this fund is intended to support the construction of new housing and necessary Infrastructure;

WHEREAS, Provinces and territories will need to commit to key actions related to housing, one of those actions is a three-year freeze on Development Charges;

WHEREAS, instituting a Development Charge (DC) rate freeze has the potential to pose significant fiscal challenges for the City of Hamilton, and staff are projecting a shortfall of between \$132M and \$270M over a three-year period;

WHEREAS, freezing Development Charges for 3 years while infrastructure costs rise, means growth is no longer paying for growth;

WHEREAS, it remains unconfirmed whether sufficient compensation from the Federal government to offset lost DC revenue will be provided, which means there is no longer a reliable way to expand vital infrastructure to service housing development;

WHEREAS, without sufficient federal investment, the financial burden for growth infrastructure will shift to municipal tax and ratepayers and the City of Hamilton will be faced with balancing municipal tax and rate increases by limiting what growth infrastructure can proceed within the limited funding capacity or deferring investments in asset management;

WHEREAS, it is imperative that the magnitude of contributions from the Canada Housing Infrastructure Fund far outweigh the foregone DCs to meet infrastructure needs associated with new residential developments and sustainable maintenance;

WHEREAS, this is coming at a time when all municipalities are already experiencing astronomical infrastructure deficits due to deferring necessary investment in infrastructure, leading to an increase in water main breaks, roadway deterioration and other key public assets reaching life-cycle end;

WHEREAS, we have growing communities that deserve adequate parks, playgrounds, recreation, and other necessary amenities;

WHEREAS, Development Charges are about funding the supply of housing and not about the affordability of housing and growth should pay for growth; and

WHEREAS, to finance the lost income of Development Charges through additional debt for decades will have a negative impact on future generations.

THEREFORE IT BE RESOLVED:

- (a) That Hamilton City Council put forward a resolution to the Federation of Canadian Municipalities (FCM) to prioritize advocacy on this issue during FCM Lobby Days in December 2024; and
- (b) That FCM strongly urge the federal government to take immediate action to mitigate the negative impact to Canadian municipalities as it relates to freezing Development Charge rates and directly support Canadian municipalities in addressing the Housing and affordability crisis by taking the following actions:
 - (i) The Federal Government look to their toolbox first and use tax credits and uploading to assist with building more houses, before imposing financial restraints on municipalities;
 - (ii) The Federal Government collaborate with provincial and municipal governments to develop a long-term strategy to address the housing crisis by providing paths to creating more houses and more affordable housing that doesn't transfer the cost to municipal tax and rate payers;
 - (iii) The Federal Government guarantee that available funding through the Canada Housing Infrastructure Fund exceed any lost revenue from a Development Charge freeze; and
 - (iv) The Federal Government ensure that funding through the Canada Housing Infrastructure Fund be made available to municipalities immediately upon freezing Development Charges in order to prevent municipalities from needing to come up with gap funding to cover the infrastructure investments.