



City of Hamilton Report for Information

To:	Chair and Members Audit, Finance and Administration Committee
Date:	March 20, 2025
Report No:	FCS25013
Subject/Title:	Development Charges Complaints and Communications
Ward(s) Affected:	City Wide

Recommendations

- 1) That Report FCS25013 respecting Development Charges Complaints and Communications **BE RECEIVED** for information.

Key Facts

- Report FCS25013 is presented per the direction to staff through Item 10.1 to AFAC 25-001 to provide a year-over-year analysis of formal Development Charges (“DC”) complaints, an overview of how DCs are communicated and recommendation to improve public knowledge of DCs.
- Five DC complaints were received in 2024 which represents a substantial increase from prior years.
- Staff has identified and implemented several DC communications enhancements.

Financial Considerations

Report FCS25013 is presented for information. There are no associated financial considerations.

Background

The Audit, Finance and Administration Committee (“AF&A”) at its meeting of January 16, 2025, approved the following motion which was subsequently approved by Council through AFAC 25-001:

“That staff be directed to report back to the Audit, Finance and Administration Committee with information on the following:

- (a) The number of formal Development Charges complaints received by the Clerk under Section 20 of the *Development Charges Act* in 2024 and how this compares to the number of Section 20 complaints received in 2019, 2020, 2021, 2022 and 2023;
- (b) How small to medium-sized businesses / investors and residents are apprised of possible development charges for their development projects; and
- (c) Any recommendations on how the City of Hamilton (City) could improve information provided to the public regarding Hamilton’s Development Charges By-Law.”

Report FCS25013 is presented to respond to this Council direction.

DCs are one of the City’s primary growth funding tools to support the capital costs of growth across a range of services. DCs are a development fee applied at building permit issuance to development or redevelopment calculated in accordance with the *Development Charges Act, 1997* (“DC Act”) and the City of Hamilton’s DC By-Law.

Analysis

Development Charges Complaints

Section 20 of the DC Act establishes a formal process to file a complaint regarding DCs payable. The DC Act provides three grounds under which a DC complaint can be made, and that the Council of a municipality has the authority to adjudicate on:

- (1) that the DC was incorrectly determined;
- (2) a credit was incorrectly applied; or,
- (3) there was an error in the application of the DC By-Law.

A DC complaint must be made within 90 days from the date the DC is payable which is typically the date of building permit issuance. The Council of the municipality is required to convene a hearing to adjudicate a DC complaint. After hearing the evidence and submissions of the complainant, the Council of the municipality may grant a DC complaint which falls within the eligible grounds and adjust the DC payable, or they may dismiss a DC complaint. If a DC complaint is dismissed, the complainant may file an appeal to the Ontario Land Tribunal. Figure 1 provides an overview of the DC complaint process.

Figure 1: Development Charges Complaint Process in Accordance with Section 20 of the *Development Charges Act, 1997*

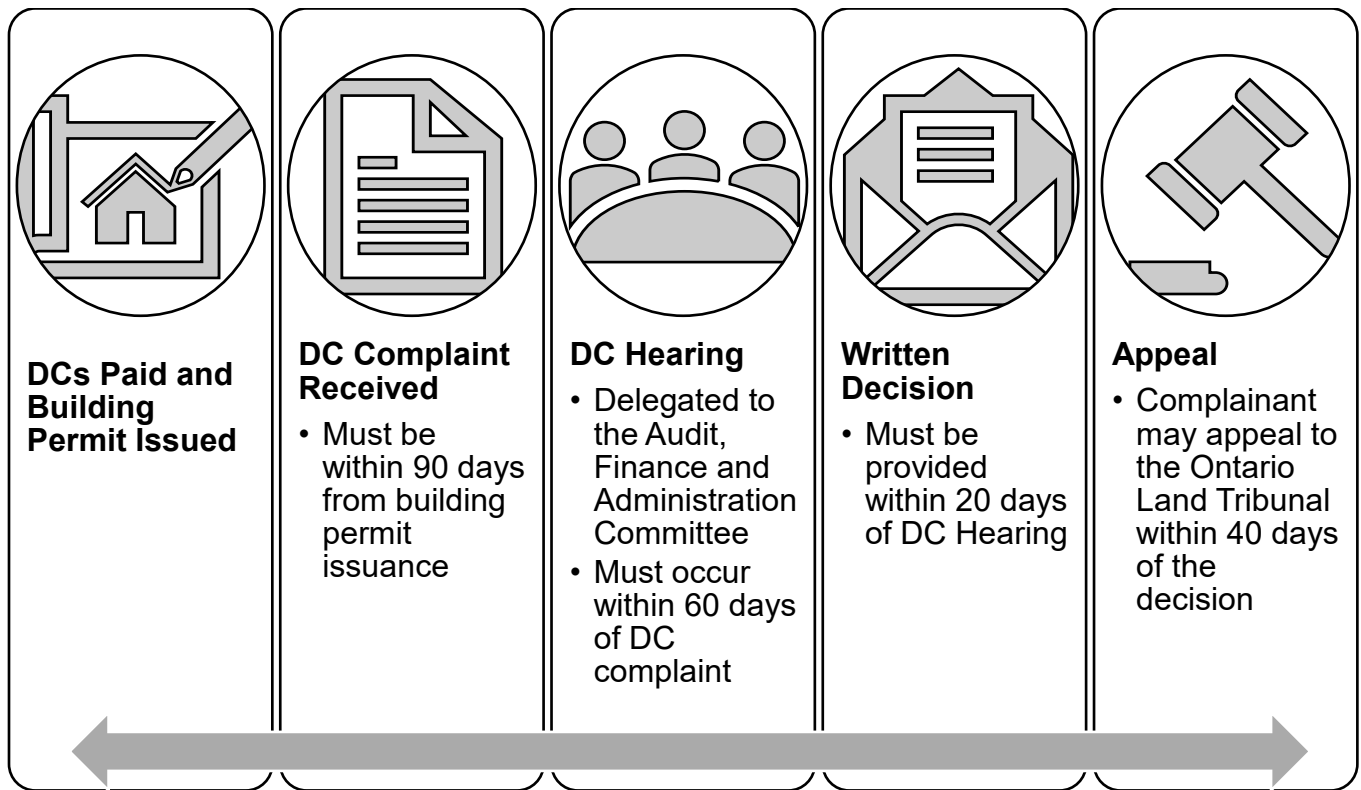


Table 1 presents a summary of the DC complaints received by the City of Hamilton in 2024 and a comparison to prior years. In 2024, the number of DC complaints increased substantially while the overall number of DC complaints remains small. Staff has reviewed the grounds for each complaint received in 2024 and was not able to identify a common factor or reason for the increase in complaints. Analysis in future years will be required to determine if the increase in 2024 represents a trend or is an outlier.

Table 1: Development Charges Complaints Received by the City of Hamilton

Year	Number of Complaints Received	Complaints Dismissed	Complaints Granted	Complaints Rescinded
2019	1	1	0	0
2020	1	1	0	0
2021	2	2*	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	5	3	1	1

* One complaint appealed to the Ontario Land Tribunal and remains under appeal

Through the Municipal Finance Officers Association, staff has confirmed that many municipalities have experienced an increase in DC complaints in recent years. Several factors may be contributing to the volume of DC complaints, including:

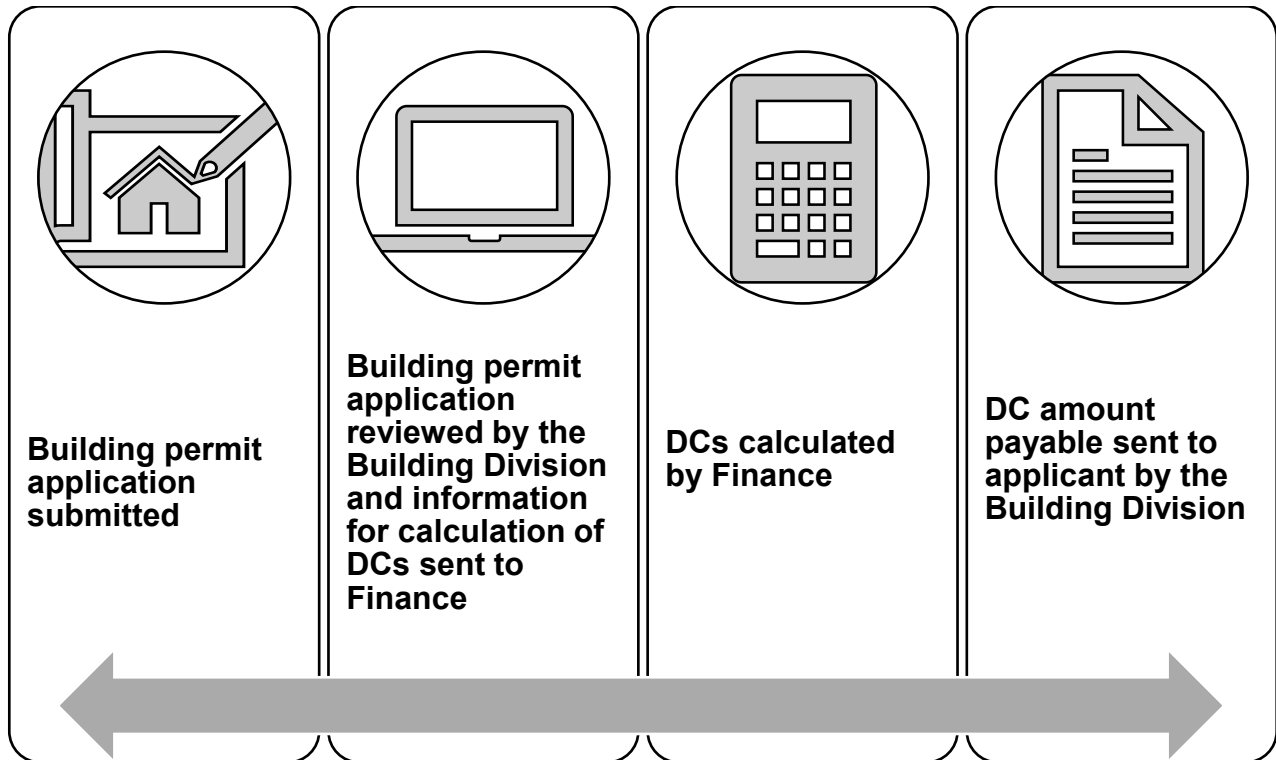
- Multiple amendments to the DC Act since 2019 - notably through Bills 23, 185, 108, 109, and 197 - have added complexity to its application.
- Substantial increases in DCs driven in part by increases in the costs of infrastructure projects. For instance, City DCs for a single-family dwelling in a separated sewer system area rose from \$48,992 in 2019 to \$94,359 in 2024. The higher costs may make applicants more inclined to file complaints (note that the magnitude of the charge is not one of the grounds for a DC complaint).

Staff will continue to track and monitor DC complaints to assess whether the increase observed in 2024 represents a developing trend. Should Council require further analysis or reporting, staff can provide updates as directed.

Development Charges Communications

DCs are a development fee which is typically assessed once a building permit application has been submitted. DCs may apply to building permits where there is development or redevelopment, including redevelopment where there is a change of use, an increase in the gross floor area of the building or the building is being reconfigured (e.g. to include additional residential units). Figure 2 provides an overview of the typical process by which DCs are assessed and communicated in relation to a building permit.

Figure 2: Typical Development Charges Assessment and Communication Process



Finance staff regularly engage with the development community, small / medium sized business owners, individuals, and professional service providers (e.g. lawyers, real estate agents, consultants etc.) to prepare informational estimates to calculate DCs that may apply based on information provided by the applicant when projects are at varying stages. Finance staff has limited direct engagement with the public on DC applicability except where inquiries are made through DCRequest@hamilton.ca for information or estimates.

As outlined in Figure 2, the Building Division is typically responsible for informing a building permit applicant that DCs may apply. However, an applicant may have several interactions with the City prior to this. Prior to the submission of a building permit application, a small / medium-sized business owner or individual may interact or solicit advice from the Hamilton Business Centre or the Zoning Review Section. Through the course of internal consultation, staff identified and implemented the following enhancements of the public communication of DCs addressing the themes of Transparency and Accountability and Education and Promotion:

Transparency and Accountability

- An overview of when DCs apply and how to contact Finance is now included as standard language in the Zoning Verification Report. A Zoning Verification Report is provided to potential applicants at their request and is recommended to be reviewed prior to purchasing or leasing a property.

- All email correspondence for the Zoning Review Section, Planning and Economic Development (ZoningInquiry@hamilton.ca) now includes a direction on how to contact Finance to determine if DCs may apply to a proposed property use.

Education and Promotion

- The documentation provided with the Hamilton Business Centre's 10 Steps to Starting a Business now includes an overview of when DCs apply and how to contact Finance. This document is attached to this Report as Appendix "A" with the reference to DCs found on page 10.
- A clearer link to the DC webpage has been added to the Building Division webpage.
- A section related to DCs is now addressed in the Frequently Asked Questions section of the Building Division webpage.
- A printed resource which provides an overview of when DCs apply and how to contact Finance is currently being developed and will be made available in the Building Division office.

Staff has identified the following possible communication enhancement initiatives for future consideration which Council may direct staff to further investigate through the preparation of a recommendation report with assessment of financial and staff implications:

- Annual notice in the Hamilton Spectator of DC indexing with a broad overview of when / to whom DCs apply, as well as appropriate contact information.
- Public DC information sessions led by the staff to provide DC education.
- Public awareness campaigns through advertisements in the Hamilton Spectator, billboards, etc.

Note: Report FCS25013 is provided for information purposes and has no corporate policy, staffing or legal considerations.

Alternatives

Not Applicable

Relationship to Council Strategic Priorities

Report FCS25013 is being presented to the Audit, Finance and Administration Committee by staff as directed through Item 10.1 of the January 16, 2025, meeting of the Audit, Finance and Administration Committee (AFAC 25-001) in order to support Council Priority 3: Responsiveness and Transparency.

Previous Reports Submitted

Not Applicable

Consultation

City of Hamilton staff from the following Divisions were consulted in the preparation of Report FCS25013:

- Building Division
- Municipal Service Centre
- Office of the City Clerk
- Hamilton Business Centre, Planning and Economic Development
- Zoning Review Section, Planning and Economic Development

Appendices and Schedules Attached

Appendix "A" to Report FCS25013: Hamilton Business Centre's 10 Steps to Starting a Business

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Development Charges, Programs and Policies, Financial
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**Submitted and
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