



City of Hamilton Report for Consideration

To:	Chair and Members Audit, Finance & Administration Committee
Date:	May 22, 2025
Report No:	FCS25028
Subject/Title:	Review of Community Benefits Charges
Ward(s) Affected:	City Wide

Recommendations

- (a) That the repeal of Community Benefits Charges By-Law 22-158, Appendix “A” to Report FCS25028, **BE PASSED AND ENACTED** effective June 1, 2025; and
- (b) That staff **BE DIRECTED** to report back to the Audit, Finance & Administration Committee whether to introduce a new Community Benefits Charges Study and By-Law in conjunction with the next Development Charges Background Study Process required to enact a new Development Charges By-Law.

Key Facts

- Report FCS25028 responds to the Council-approved motion from April 16, 2025, that directed staff to explore the potential discontinuation of the City of Hamilton’s Community Benefits Charges By-law 22-158.
- Staff is recommending Council repeal the City of Hamilton’s Community Benefits Charges By-Law 22-158 effective June 1, 2025 and reconsider future re-introduction of Community Benefits Charges in conjunction with the next Development Charges Background Study process required to enact a new Development Charges By-Law.

Financial Considerations

Repealing the Community Benefits Charges (“CBC”) By-law 22-158 (“CBC By-Law”) would eliminate the City’s authority to collect CBCs. The financial impact would be minimal, as CBC collections, to date, have been minimal (as summarized in Table 1).

Additionally, sufficient funds remain in the CBC reserve accounts (110500 and 110501) to support projects that have already been budgeted (as summarized in Table 2).

Background

CBCs are a one-time development fee applied at building permit issuance to development or redevelopment where the building will contain five or more stories and 10 or more residential units. CBCs are equivalent to four percent of the land value, calculated in accordance with Section 37 of the *Planning Act, 1990* (“Planning Act”), Ontario Regulation 509/20 and the City of Hamilton’s CBC By-Law.

CBCs are one of the growth-funding tools available to the City, alongside Development Charges (“DC”) and Parkland Dedication fees. These charges help ensure that municipalities have the necessary tools to build complete communities and finance growth-related infrastructure. CBCs are a relatively new growth-funding tool, introduced in 2020 and adopted by the City in 2022. CBCs are permitted to be used to fund a portion of the growth-related share of eligible capital projects such as parking and airport services, cultural initiatives, eligible studies and landfill expansions.

CBCs are not associated with the Community Benefits Protocol Sub-Committee or Community Benefits Agreement for social value outcomes.

At its meeting of April 16, 2025 Council approved the following motion:

(a) That Finance staff be directed to report back to the May 1, 2025 Audit, Finance & Administration Committee on the following:

- (i) A draft by-law with a financing strategy and accompanying background study providing staff recommendations for the City of Hamilton Development Charges By-Law 24-072 and/or 11-174 to support development through mechanisms such as:
 - Deferral of the collection of Development Charges from building permit to occupancy;
 - Deferral of the 2025 Development Charges indexing;
 - Exemption of Development Charges for 2- and 3-bedroom housing development units
 - Implementing a pause of the phase-out of the Downtown CIPA partial exemption;
 - Implementing a pause of the phase-out of the industrial rate reduction for non-manufacturing developments;
 - Extending the transition period by an additional 6 months to a total of 12 months;
- (ii) An assessment of the risks associated with each amendment;
- (iii) Estimated financial impacts associated with each amendment;

- (iv) With updated residential and non-residential building starts forecasted based on the current market conditions and financial impacts to the City and the local economy associated with declining housing starts and associated lower expected levels of permit activity;
 - (v) Projected impact on Development Charges revenues and Community Benefits Charges municipal revenue for 2025 and 2026;
- (b) That Finance staff be directed to report back to the Audit, Finance & Administration Committee exploring the option to discontinue the City of Hamilton's Community Benefits Charges By-law 22-158 inclusive of an assessment of the required process, risks and financial impacts;
- (c) That the Mayor be requested to advocate to the Province for changes to the Development Charges Act to allow for a more streamlined process to make administrative changes to Development Charges By-laws to better respond to changing economic conditions;
- (d) That staff be directed to report back through annual Housing Secretariat reporting on outcomes.

Report FCS25028 is presented to respond to section (b) of the Council direction. [Staff Report FCS25026: Review of Development Charges & Developer Incentives](#) was presented at the May 01, 2025 meeting of the Audit, Finance & Administration Committee in relation to DCs as per section (a) of the Council direction.

Analysis

Staff recommends the repeal of the City's CBC By-Law considering its limited financial impact and Council's interest in providing support to the community during the ongoing period of economic uncertainty. Annual CBC collections have declined significantly, with only one collection recorded in 2024 and none in the first quarter of 2025, largely due to a slowdown in development and the narrow applicability of CBCs. Despite reduced collections, sufficient funds remain in CBC Reserve Funds 110500 and 110501 to fully support all budgeted and forecasted projects through 2034, as detailed in Tables 1 and 2.

Legislative Requirements

The *Planning Act* does not establish any specific requirements or procedures for the repeal of a CBC By-law; therefore, repeal is at the discretion of Council.

By-Law

The CBC By-law is set to expire on June 22, 2027. In accordance with the *Planning Act*, staff had intended to seek Council direction in the third quarter of 2025 to initiate the procurement process for the development of a new CBC Strategy and By-law. However, repealing the existing By-law would allow this work to be deferred. Instead, staff would report back during the next DC Background Study Process with an analysis of the implications of the repeal and seek Council's direction on whether to proceed with the development of a new CBC Strategy and By-law to take effect in the future.

It should be noted that Council is under no obligation to adopt a new CBC By-law at any time. Staff is recommending that re-introduction of CBCs be considered in conjunction with the next DC Background Study process to align the timing of both growth funding tools and realize process efficiencies. The next DC Background Study must be completed by mid-2034 but it is anticipated that an update will occur earlier, once the 2051 Masterplans are complete.

Annual Collections

CBC collections declined significantly in 2024, primarily due to a widespread slowdown in development activity and the limited applicability of the charges, as CBCs are only applicable to buildings which contain five or more stories and 10 or more residential units. Table 1 outlines the annual volume and dollar value of CBC collections, along with available data for 2025.

Table 1
Historical Community Benefits Charges Collections

Year	Number of Collections	Annual Collections (\$)
2022 Partial Year	2	179,200
2023	9	2,793,756
2024*	1	79,113
2025* First Quarter	0	0

* 2024 and 2025 Collections are based on preliminary unaudited data.

The Community Benefits Charges Reserve Status Report as of December 31, 2024 will be presented to the Audit, Finance & Administration Committee in late 2025.

Budgeted Expenditures

Sufficient funding exists in CBC Reserve Funds 110500 and 110501 to fund the projects which have been allocated funding through the budget process with no further collections required. As of December 31, 2023, the balance of CBC Reserve Funds 110500 and 110501 was \$17.8 M. Table 2 details the expenditures that have been adopted or included in the capital forecast, to date, from the CBC Reserve Funds.

Table 2
Community Benefits Charges Approved Expenditures

Project	Amount (\$)
Children's Museum Expansion – Phase 2 7202041204	428,249
Comprehensive Zoning By-Law 8101655600	597,558
Digital Open Data Infrastructure 3381858503	3,909
IT Strategy 3502257200	24,330
Heritage Designation Study 8121255620	46,019
Digital Office: Smart City and Digital Transformation Program 338195901	5,830
2025 CBC Study* 3622480002	275,000
2030 CBC Study 3622480001	315,000
Information Security Program 3502257203	16,489
City Wide Employment Survey 8141655600	402,924
Downtown & Waterfront Parking 4902845001	9,909,559
Parking Payment Equipment 4901751700	19,461
West Harbour Parking Garage 4412406103	1,917,241
Transfer Station/ CRC Expansion & Capital Replacement 5121594511	3,355,276
TOTAL	17,316,845

* If the recommendations to Report FCS25028 are approved by Council, the 2025 CBC Study Project will be recommended for cancellation through a future Capital Project Closing Report.

Alternatives

Not Applicable

Relationship to Council Strategic Priorities

Report FCS25028 is being presented to the Audit, Finance & Administration Committee by staff as directed through Item 10.1 of the April 16, 2025 meeting of Council in order to support the following Council priorities:

- Council Priority 1: Sustainable Economic & Ecological Development, and;
- Council Priority 3: Responsiveness & Transparency.

Previous Reports Submitted

- Audit, Finance and Administration Committee, May 1, 2025:
[FCS25026: Review of Development Charges & Developer Incentives](#)
- Audit, Finance and Administration Committee, January 16, 2025:
[FCS24016\(a\): Community Benefits Charges By-Law Amendment](#)
- Community Benefits Protocol Sub-Committee, December 16, 2024:
[HSC24042/ FCS24069: Community Benefits and Social Value Procurement](#)
- Audit, Finance and Administration Committee, October 17, 2024:
[FCS24016: Community Benefits Charges By-Law Amendment](#)
- Audit, Finance and Administration Committee, October 17, 2024:
[FCS24042: Growth Funding Tools: Reserve Fund Policy Updates](#)
- Audit, Finance and Administration Committee, September 05, 2024:
[FCS24007: Community Benefits Charges Reserve Status Report as of December 31, 2023](#)
- Audit, Finance and Administration Committee, June 15, 2023:
[FCS23054: Community Benefits Charges Reserve Status Report as of December 31, 2022](#)
- Audit, Finance and Administration Committee, June 16, 2022:
[FCS22015\(b\): Community Benefits Charge Strategy](#)
- Audit, Finance and Administration Committee, April 12, 2022:
[FCS22015\(a\): Community Benefits Charges – Engagement and Draft Strategy](#)
- Audit, Finance and Administration Committee, February 28, 2022:
[FCS22015: Community Benefits Charges](#)

Consultation

Legal Services, Corporate Services
Watson & Associates Economists Ltd.

Appendices and Schedules Attached

Appendix "A" to Report FCS25028 – Draft By-Law to Repeal Community Benefits
Charges By-Law 22-158

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