



City of Hamilton Report for Consideration

To: Chair and Members
 Audit, Finance & Administration Committee
Date: July 10, 2025
Report No: FCS25038
Subject/Title: Affordable Housing Exemption Agreement Delegated
 Authority per the *Development Charges Act, 1997*
Ward(s) Affected: City Wide

Recommendations

- (a) That the City enter into agreements required pursuant to Section 4.1 of the Development Charges Act, 1997, S.O. 1997, c. 27, as amended, for the provision of the Development Charges exemption for affordable and attainable Housing;
- (b) That the General Manager, Finance and Corporate Services, **BE AUTHORIZED** to execute agreements required for the provision of the Development Charge exemption for affordable housing and attainable housing, along with any related or ancillary documents necessary to implement or give effect to such agreements, with terms and conditions as determined by the General Manager, Finance and Corporate Services, and in form satisfactory to the City Solicitor;
- (c) That the City enter into agreements for the provision of Parkland Dedication requirements provided for under Section 42.1 of the *Planning Act*, R.S.O. c.P.13, as amended;
- (d) That the General Manager, Finance and Corporate Services, **BE AUTHORIZED** to execute any agreements required for the provision of the Parkland Dedication exemption for affordable housing or attainable housing, along with any related or ancillary documents necessary to implement or give effect to such agreements, with terms and conditions as determined by the General Manager, Finance and Corporate Services, and in form satisfactory to the City Solicitor; and
- (e) That staff **BE DIRECTED** to provide an Information Report annually identifying and summarizing any agreements executed under staff's delegated authority in accordance with the *Development Charges Act, 1997, as amended*.

Key Facts

- The purpose of Report FCS25038 is to delegate authority to execute agreements required in order to apply the affordable and attainable housing development exemptions in accordance with Section 4.1 of the *Development Charges Act, 1997, as amended* (“DC Act”), and Parkland Dedication exemptions in Section 42 of the *Planning Act, R.S.O. 1990, c.P. 13, as amended*.
- The recommended approach is consistent with the City's existing administrative practices for other growth funding payment agreements, including early and late payment agreements under Section 27 of the DC Act. This approach ensures consistency, efficiency and legal clarity in managing agreements related to the City's growth funding tools.

Financial Considerations

There are no direct financial implications associated with the recommendations to Report FCS25038. Adoption of the recommendations will enable staff to efficiently execute affordable housing and attainable housing exemption agreements required by Section 4.1 of the *Development Charges Act, 1997, as amended* (“DC Act”).

Background

There are three primary growth funding tools available to the City to help fund the infrastructure required to support growth: Development Charges (“DC”), Community Benefits Charges (“CBC”) and Parkland Dedication (“PL”). The *Planning Act* also provides for a payment-in-lieu of parkland dedication. These financial tools play a crucial role in ensuring that the City has the necessary resources to build complete communities and finance growth-related infrastructure without placing undue financial burden on existing taxpayers and rate payers. DCs and PL are levied on new development and redevelopment projects which are typically calculated and collected at the time of building permit issuance in accordance with provincial legislation and the corresponding City of Hamilton by-laws. Effective June 1, 2025, the City of Hamilton's CBC By-Law, 22-158 was repealed.

To support the development of affordable housing, the Province introduced a full exemption of DCs, CBCs and PL for eligible rental and ownership affordable housing developments in 2022. This exemption was first introduced through [Bill 23, *More Homes Built Faster Act, 2022*](#) and was further refined by [Bill 134, *Affordable Homes and Good Jobs Act, 2023*](#). On April 10, 2024, the Province confirmed that these exemptions would come into force on June 1, 2024, in accordance with the ownership and rental rates set in the Affordable Residential Units Bulletin calculated and published by the Minister of Municipal Affairs and Housing.

Analysis

Section 4.1 of the DC Act and 42 of the *Planning Act* provide exemption from DCs and PL, respectively. The DC Act determines the eligibility criteria and requirements while the *Planning Act* provides an exemption for affordable and attainable housing based on the definition of such types of housing contained in the DC Act. The exemption for Attainable Housing applies only to eligible developments which are part of a prescribed development or class of development which have not been identified by the Province.

Table 1 provides a high-level summary of the exemption criteria for rental and ownership units to be eligible for the affordable housing development exemption set through the DC Act.

Table 1: Affordable Housing Development Exemption Criteria

Rental Criteria	Ownership Criteria
Tenant is arm's length from landlord	Purchaser is arm's length from seller
Rent is no greater than the lesser of*: <ul style="list-style-type: none"> 1. income-based affordable rent for the residential unit (rent equivalent to 30% of a 60th percentile renter income); and 2. average market rent for the residential unit 	Purchase price is no greater than the lesser of*: <ul style="list-style-type: none"> 1. income-based affordable purchase price (annual accommodation costs equivalent to 30% of a 60th percentile gross annual income); and 2. 90% of the average purchase price for the residential unit
Remains affordable for 25 years from the date the unit is first rented	Remains affordable for 25 years from the date the unit is first sold

* Calculated and published by the Minister of Municipal Affairs and Housing through the Affordable Residential Units Bulletin.

Table 2 outlines the dollar thresholds currently in effect for rental and ownership units to be considered affordable and eligible for the affordable housing development exemption.

Table 2: Affordable Housing Development Rental and Ownership Thresholds for the City of Hamilton as Published in the Affordable Residential Units Bulletin

	Rental Thresholds	Ownership Thresholds
Basis for eligibility (lesser metric from Table 1)	Average market rent	Income-based affordable purchase price
Detached house		\$370,100
Semi-detached house		\$370,100
Row/ townhouse		\$370,100
Condominium apartment		\$370,100
Bachelor unit	\$1,017	
1-bedroom unit	\$1,326	
2-bedroom unit	\$1,543	
3+ bedroom unit	\$1,670	

Section 4.1(9) and 4.1(13) of the *DC Act* permits municipalities to enter into a 25-year agreement to maintain affordability where a DC exemption is being provided for affordable housing developments and to register the agreement on the title of the property. Authority to execute agreements is required in order to administer the exemption. Without delegated authority, these agreements would be required to be approved by Council on a case-by-case basis.

The recommended delegation of authority to establish terms and execute agreements to the General Manager of Finance and Corporate Services aligns with the City's existing administrative practices for other growth funding payment agreements, including early and late payment agreements under Section 27 of the *DC Act*. This approach ensures consistency, efficiency and legal clarity in managing agreements related to the City's growth funding tools.

Although no developments have yet met the eligibility criteria for the affordable housing exemption, several projects under consideration through the Housing Secretariat's Project Stream may qualify in the third quarter of 2025. Providing delegated authority at this time will enable staff to respond promptly and effectively should a qualifying development come forward, avoiding unnecessary delays in advancing affordable housing initiatives.

Alternatives

Council may opt to not adopt the recommendations outlined in Report FCS25038. As an alternative, each affordable or attainable housing agreement would be brought forward individually to the Audit, Finance & Administration Committee with a staff report seeking direction to execute the agreement.

Pros:

- Provides Council with direct oversight of each agreement
- Enhances transparency in the approvals process

Cons:

- May delay building permit issuance for affordable and attainable housing developments
- Could place a strain on resources to manage the lengthier approval process, depending on the volume of agreements
- May result in inconsistent terms and requirements as each Council deliberation may weigh criteria differently

Relationship to Council Strategic Priorities

Report FCS25038 is being presented to the Audit, Finance & Administration Committee by staff in order to support Council Priority 3: Responsiveness & Transparency.

Previous Reports Submitted

- Audit, Finance and Administration Committee, May 22, 2025: [FCS25028: Review of Community Benefits Charges](#)
- Audit, Finance and Administration Committee, May 02, 2025: [FCS24034: Bill 185, Cutting Red Tape to Build More Homes Act, 2024 as it relates to the Development Charges Act, 1997](#)
- Planning Committee, November 14, 2023: [PED23256: Bill 134, Proposed Affordable Homes and Good Jobs Act, 2023](#)
- Audit, Finance and Administration Committee, November 30, 2022: [FCS22085: Bill 23, Proposed More Homes Built Faster Act, 2022 as it relates to the Development Charges Act](#)

Consultation

Legal Services staff were consulted in the preparation of Report FCS25038.

Appendices and Schedules Attached

Not Applicable

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