



2024 Development Charges Background Study and By-laws

City of Hamilton Development Charges Open House
January 23/24, 2024

Agenda



- Development Charges Overview
- Development Charge Exemptions Review
- Local Service Policy
- Development Charge Rates
- Next Steps
- Discussion/Questions



Development Charges Overview

2024 Development Charges Background Study
and By-laws

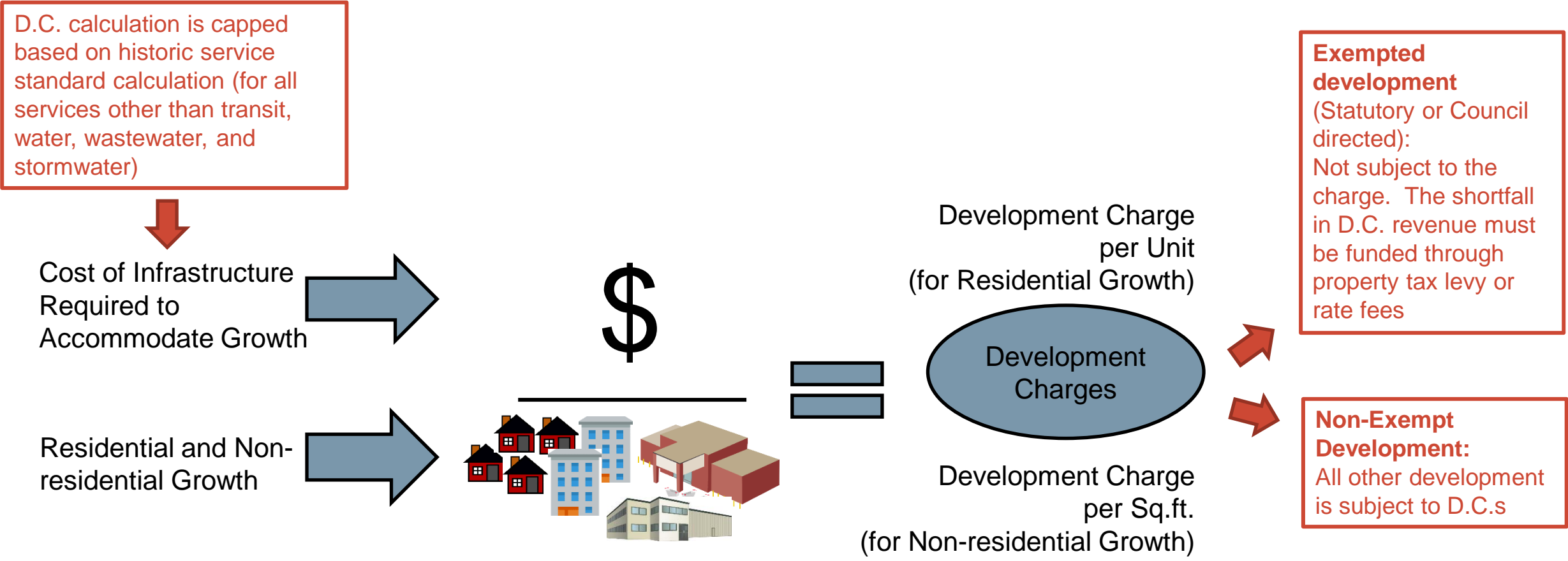
Development Charges (D.C.s)



Purpose:

- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)
- Changes with respect to Bill 23 will result in reduced collections for the City. These changes have been incorporated into the draft D.C. by-laws

Overview of the D.C. Calculation



Study Process and Timelines



- 1** **September 2022 to November 2023**
Data collection, staff review, D.C. calculations and policy work
- 2** **April 13, September 18, and November 9, 2023**
Development Charges Stakeholders Sub-Committee Meeting
- 3** **December 21, 2023**
Release of Background Study and draft by-laws
- 4** **January 23/24, 2024**
Public open house sessions
- 5** **February 22, 2024**
Public Meeting at Audit, Finance & Administration Committee
- 6** **April/May 2024**
Audit, Finance & Administration Committee considers passage of by-laws
- 7** **June 1, 2024**
New D.C. By-laws in Effect
- 8** **June 12, 2024**
Expiry of Existing D.C. By-law (note: existing by-law will be repealed at the time the new by-laws come into effect)



Development Charge Exemptions Review

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D.C. Exemptions Review

Overview



- The *Development Charges Act* sets out a number of mandatory D.C. exemptions; however, under section 5 (1) 10 of the Act, Council can enact exemptions on a discretionary basis
- Discretionary exemptions reduce in part or in whole the D.C. for types of development, location of development, or classes of development (e.g., industrial or places of worship)
- Historically, the City has provided many discretionary exemptions; however, as part of the 2019 D.C. study process, an exemptions review was undertaken, and many exemptions were removed following a market analysis
- This exemptions review and analysis was undertaken again as part of the 2024 D.C. study process

D.C. Exemptions Review

Current Exemptions



Discretionary (Non-Statutory)		Mandatory (Statutory)
<ul style="list-style-type: none"> • Downtown Hamilton CIPA (40% discount except for office 70%) • Heritage Building • Transition Policy • Downtown Public Art • Council Granted 		<p><u>Existing</u></p> <ul style="list-style-type: none"> • Industrial Building Expansion (Attached) • Residential Intensification • School Boards • Academic • Additional Residential Units <p><u>New (under Bill 23: More Homes Built Faster Act)</u></p> <ul style="list-style-type: none"> • Additional Residential Units • Affordable and Attainable Units • Affordable Inclusionary Zoning Units • Non-Profit Housing • Phase-in D.C.s • Rental Housing Discount (based on number of bedrooms: 15% to 25%)
<p><u>Residential</u></p> <ul style="list-style-type: none"> • Redevelopment for Residential Facility 	<p><u>Non-Residential</u></p> <ul style="list-style-type: none"> • Industrial Building Expansion (Detached) • Industrial Rate Reduced (also applies to Production and Artist Studios) • Stepped Non-Industrial Rates • Non-Industrial Expansion • Agricultural Use • Place of Worship 	

Watson Recommendations

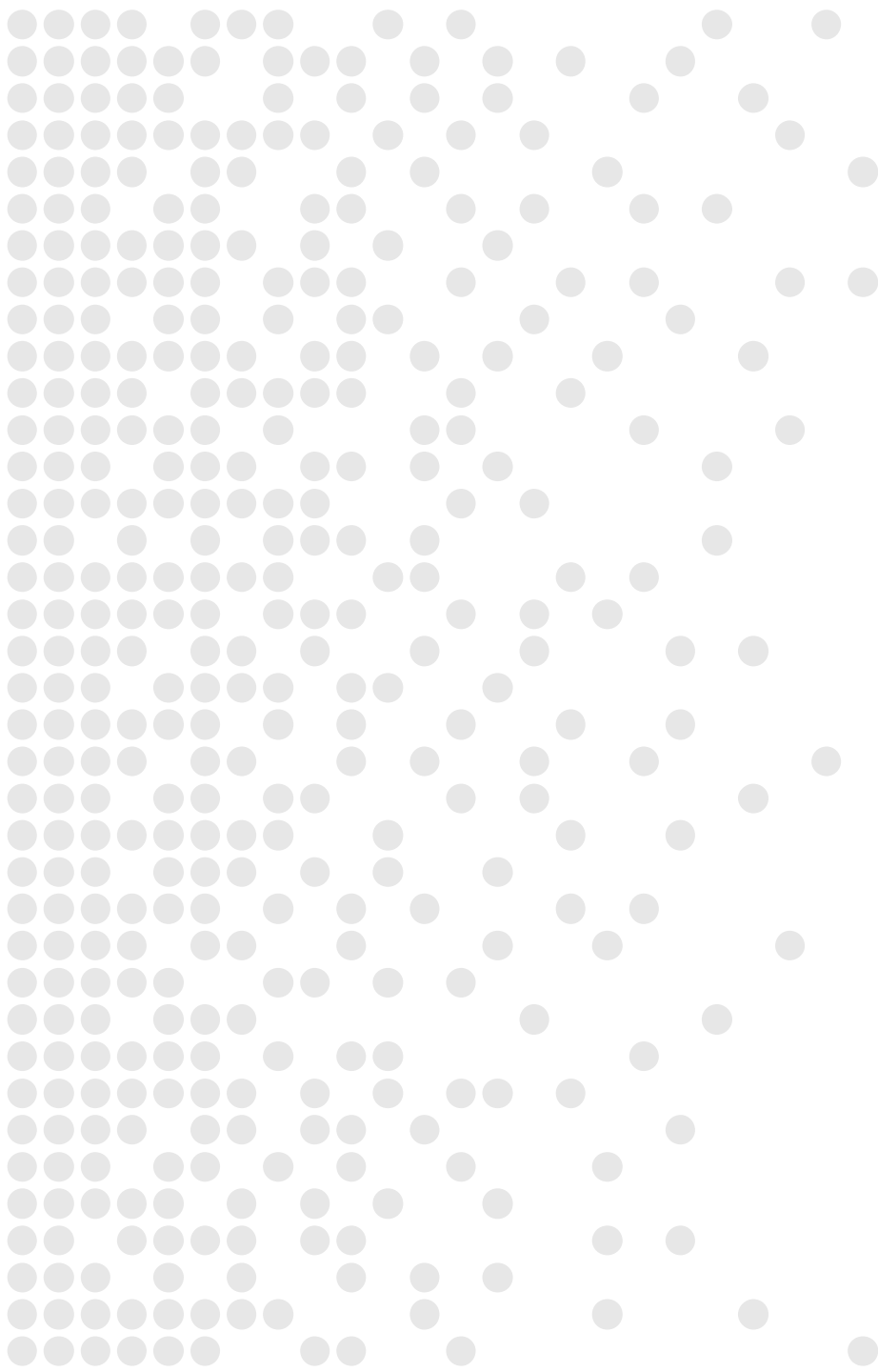


Discretionary D.C. Exemption	Current Policy	Recommendation	Recommended Policy*
Downtown CIPA	Downtown Community Improvement Project Area (CIPA) - 40% D.C. discount except for office development 70%	Modify	<ul style="list-style-type: none"> Remove D.C. exemption of 40% for residential development Maintain 40% CIPA exemption for all non-residential development (standalone and mixed-use) and 70% CIPA exemption for standalone major office developments (Class A) greater than 20,000 sq.ft. gross floor area
Industrial Reduced Rate	City-wide 37% discount of the current industrial D.C. rate -applicable for industrial developments	Modify	<ul style="list-style-type: none"> Remove reduced rate exemption (37% reduction) for industrial development Maintain discount for Production and Artist Studios
Industrial Building Expansion (Detached)	No D.C.s on new industrial buildings on the same lot as an existing building(s), up to 50% of the combined gross floor area of the existing building	Remove	<ul style="list-style-type: none"> Remove industrial expansion (detached) D.C. exemption for all City-wide industrial developments
Downtown Public Art	In Downtown CIPA, 10% of D.C.s can be repurposed to contribute to the Public Art Reserve	Remove	<ul style="list-style-type: none"> Remove D.C. exemption. Similar benefit through new C.B.C.

Watson Recommendations



Discretionary D.C. Exemption	Current Policy	Recommendation
Heritage Building	City-wide 100% D.C. exemption for adaptive reuse of a Protected Heritage Property	Keep with no change
Redevelopment for Residential Facility	City-wide 50% D.C. exemption provided for redevelopment of an existing residential development for the purpose of creating residential facilities within existing building envelope	Keep with no change
Stepped Non-Industrial Rates	<p>The rates for non-industrial developments within a CIPA or BIA and for office development (excluding medical clinics) is to be phased as follows:</p> <ul style="list-style-type: none"> • 1st 5,000 square feet: 50% of charge • 2nd 5,000 square feet: 75% of charge • 10,000+ square feet: 100% of charge 	Keep with no change
Non-Industrial Expansion	The initial 5,000 square feet of gross floor area of an office development expansion (medical clinics excluded) are D.C. exempt	Keep with no change
Agricultural Use	100% D.C. exemption for bona fide farming/agriculture uses.	Keep with no change
Place of Worship	100% D.C. exemption (must be exempted from property taxes)	Keep with no change
Transition Policy	Honour the previous DC rates if the permit is issued within 6 months of the rate increase	Keep with no change



Local Service Policy

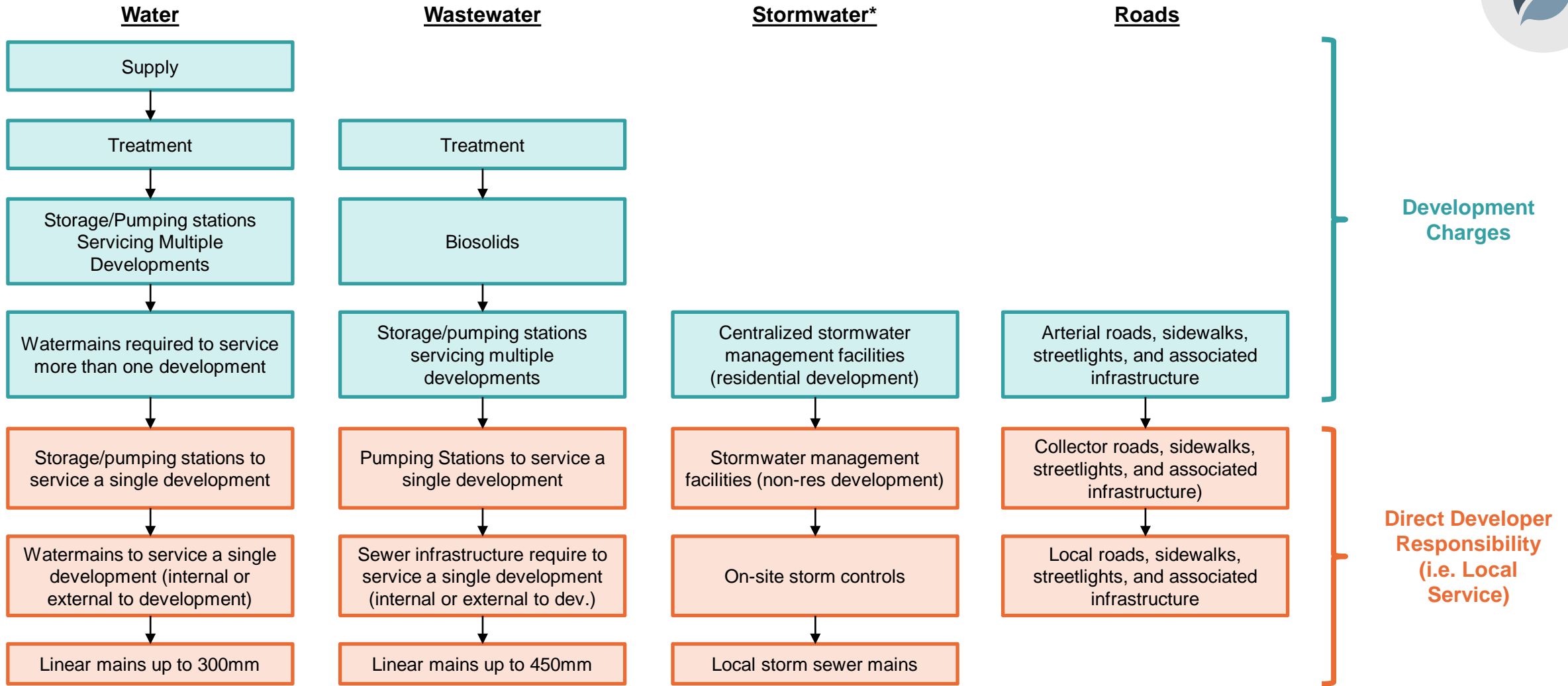
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Local Service Policy



- Section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, the Local Service Policy identifies:
 - What will be included in the D.C.; and
 - What will be required by developers as part of their development agreements
- As part of the D.C. background study, the City’s current Local Service Policy has been updated and is included as Appendix E
- Items considered in the Local Service Policy include:
 - Roads & related infrastructure (e.g. traffic signals, streetlights, noise abatement measures, intersection improvements, etc.)
 - Active Transportation (e.g. sidewalks, bike lanes/multi-use trails, etc.)
 - Water & Wastewater
 - Stormwater
 - Parkland development & Natural Heritage Systems.

Current City of Hamilton Local Service Policy Schematic



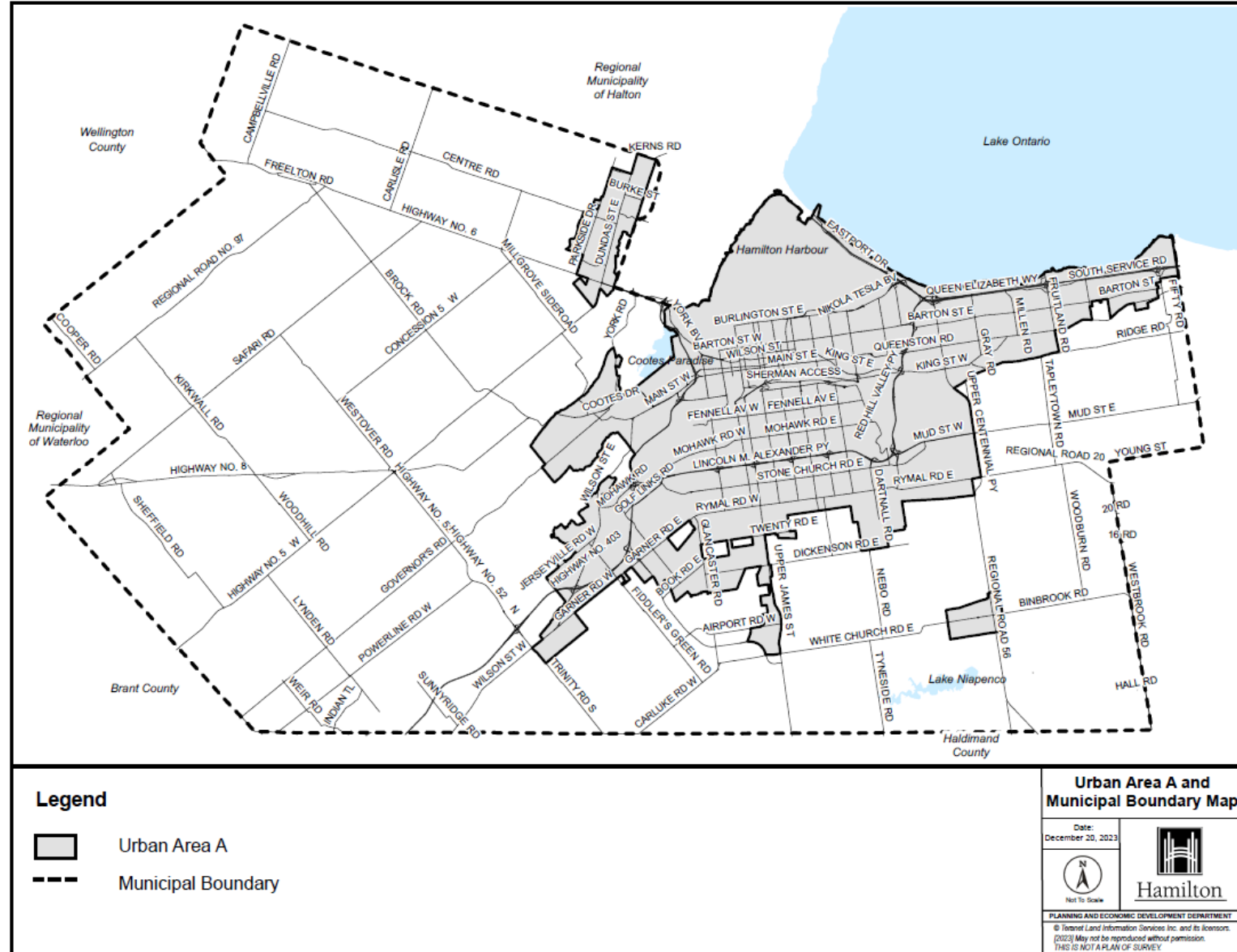
Note: Stormwater infrastructure in the combined sewer system area is 100% developer responsibility

Local Service Policy (LSP) Overview



The existing LSP has been subdivided based on location of development as follows:

- Within “Urban Area A” (lands within the Urban Area as identified in the map and are not subject to any expansion resulting from an amendment to the urban boundary in the Urban Hamilton Official Plan)
- Traditional local service policy requirements will apply as per the Local Service Policy



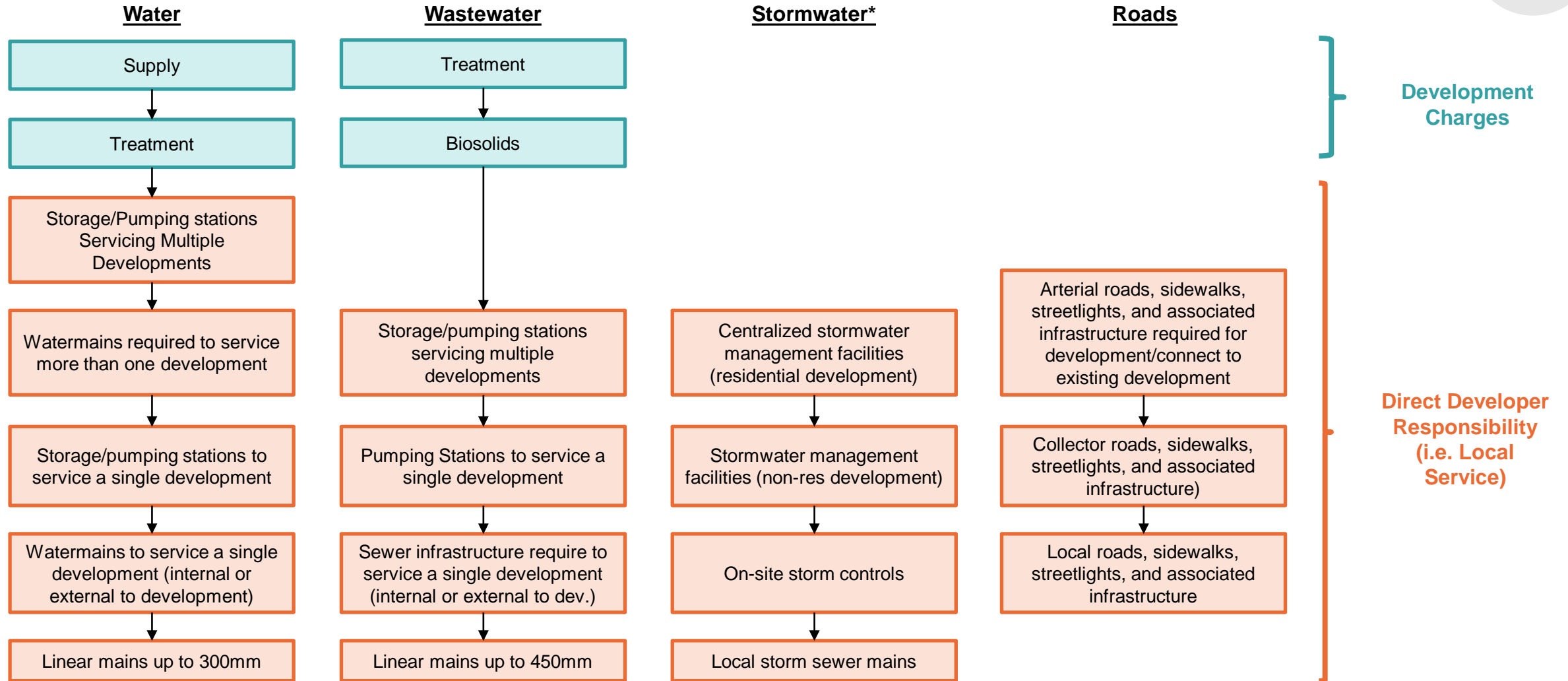
Local Service Policy (LSP) Overview - Continued



Within “Urban Area B” (any lands added to the Urban Area as a result of any amendment to the Urban Hamilton Official Plan expanding the Urban area beyond Urban Area A) – developer would be responsible for:

- All costs required to service the development and/or to connect the development area with existing infrastructure, including without limitation all water, wastewater, stormwater, transit, transportation works (in accordance with the Complete Street definition), any utility relocation/conversion costs, and land acquisition costs to meet City standards will be a developer responsibility, unless otherwise provided herein.
- In conjunction with the above bullet, the scope to service the development and/or connect the development area would be identified within approval authority accepted studies to support development areas.
- For projects occurring within Urban Area A, with an oversizing component, that are required to service development within Urban Area B, the oversizing component is a direct developer responsibility.
- Downstream and/or upstream water and wastewater infrastructure located within Urban Area A required to support development within Urban Area B would be a direct developer responsibility.
- Section E.3 (parkland development) of the local service policy applies

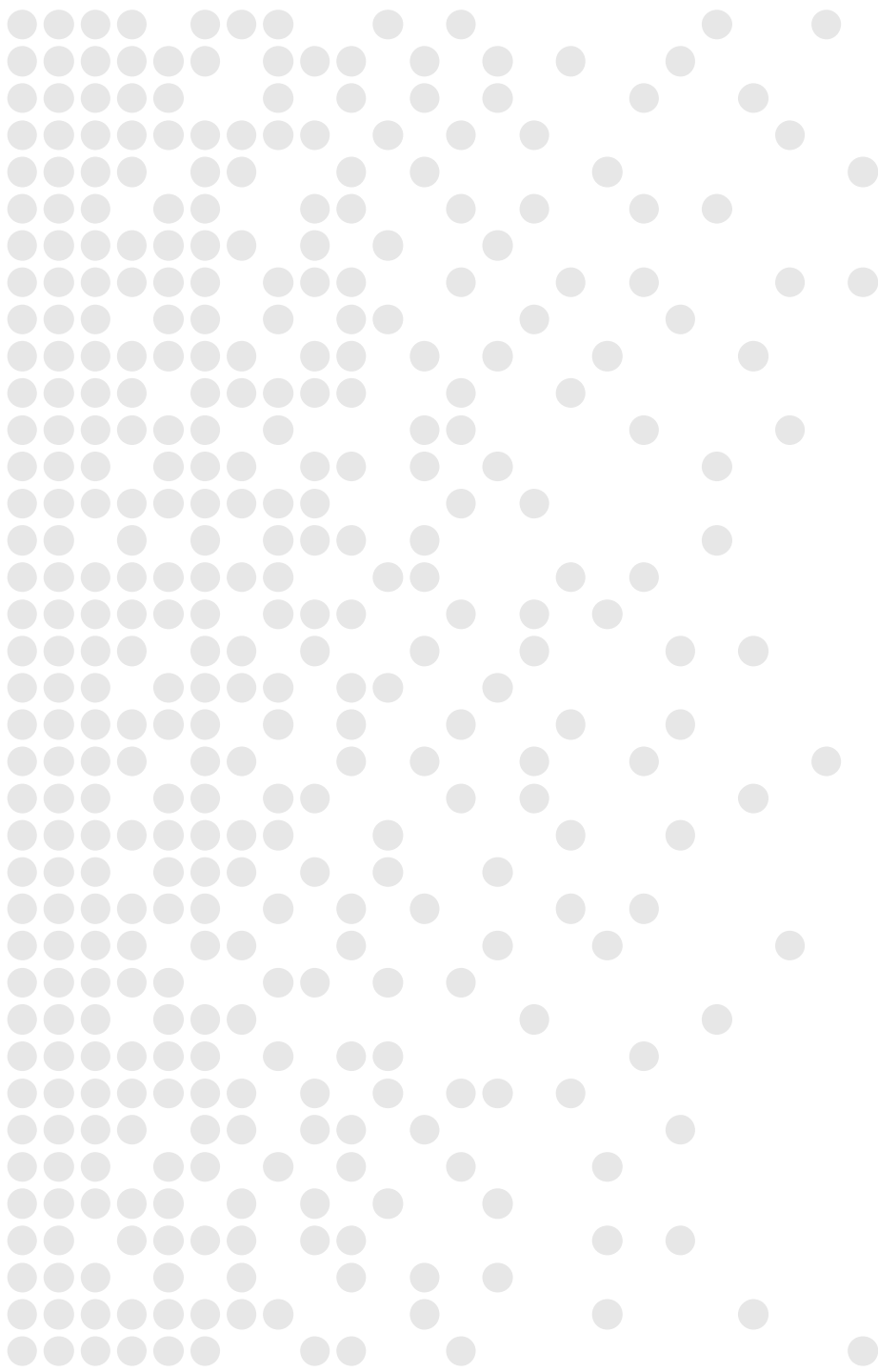
Proposed LSP Schematic Within Urban Area B



Note: Stormwater infrastructure in the combined sewer system area is 100% developer responsibility

Note 1: oversizing of works identified within Urban Area A to be direct developer responsibility

Note 2: Downstream and/or upstream water and wastewater infrastructure located within Urban Area A required to support development within Urban Area B would be a direct developer responsibility.



Development Charge Rates

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Rate Comparison – Residential (per Single Detached Unit)



Service/Class of Service	Current	Calculated (2023\$)	80% Phase-in (Year 1)	85% Phase-in (Year 2)	90% Phase-in (Year 3)	95% Phase-in (Year 4)	100% Phase-in (Years 5-10)
Municipal Wide Services/Classes:							
Services Related to a Highway	14,608	22,539	18,031	19,158	20,285	21,412	22,539
Public Works	1,092	1,335	1,068	1,135	1,202	1,268	1,335
Transit Services	2,600	1,601	1,281	1,361	1,441	1,521	1,601
Fire Protection Services	626	1,151	921	978	1,036	1,093	1,151
Policing Services	711	1,018	814	865	916	967	1,018
Parks and Recreation*	3,518	11,065	8,852	9,405	9,959	10,512	11,065
Library Services	6,695	2,061	1,649	1,752	1,855	1,958	2,061
Growth Studies**	1,554	-	-	-	-	-	-
Long-term Care Services	549	231	185	196	208	219	231
Child Care and Early Years Programs	246	-	-	-	-	-	-
Provincial Offences Act Services including By-Law Enfor	21	52	42	44	47	49	52
Public Health Services	55	42	34	36	38	40	42
Ambulance	3	325	260	276	293	309	325
Waste Diversion	990	346	277	294	311	329	346
Total Municipal Wide Services/Classes	33,469	41,766	33,413	35,501	37,589	39,678	41,766
Water and Wastewater Urban Area Charges							
Wastewater Facilities	5,491	7,125	5,700	6,056	6,413	6,769	7,125
Wastewater Linear Services	7,346	10,878	8,702	9,246	9,790	10,334	10,878
Water Services	6,466	7,323	5,858	6,225	6,591	6,957	7,323
Total Water and Wastewater Urban Area Services	19,303	25,326	20,261	21,527	22,793	24,060	25,326
Stormwater Services - Combined Sewer System							
Stormwater Drainage and Control Services	5,355	9,553	7,642	8,120	8,598	9,075	9,553
Stormwater Services - Separate Sewer System							
Stormwater Drainage and Control Services	14,192	23,541	18,833	20,010	21,187	22,364	23,541
Grand Total - City Wide	33,469	41,766	33,413	35,501	37,589	39,678	41,766
Grand Total - Urban Area - Combined Sewer Sytem	58,127	76,645	61,316	65,148	68,981	72,813	76,645
Grand Total - Urban Area - Separate Sewer Sytem	66,964	90,633	72,506	77,038	81,570	86,101	90,633

*Parks & Recreation now combined as one D.C. eligible service

**Growth studies are no longer eligible when a new by-law is passed under Bill 23

Note: Rates will be indexed at by-law implementation to 2024\$

Rate Comparison – Non-Residential (per sq.ft)

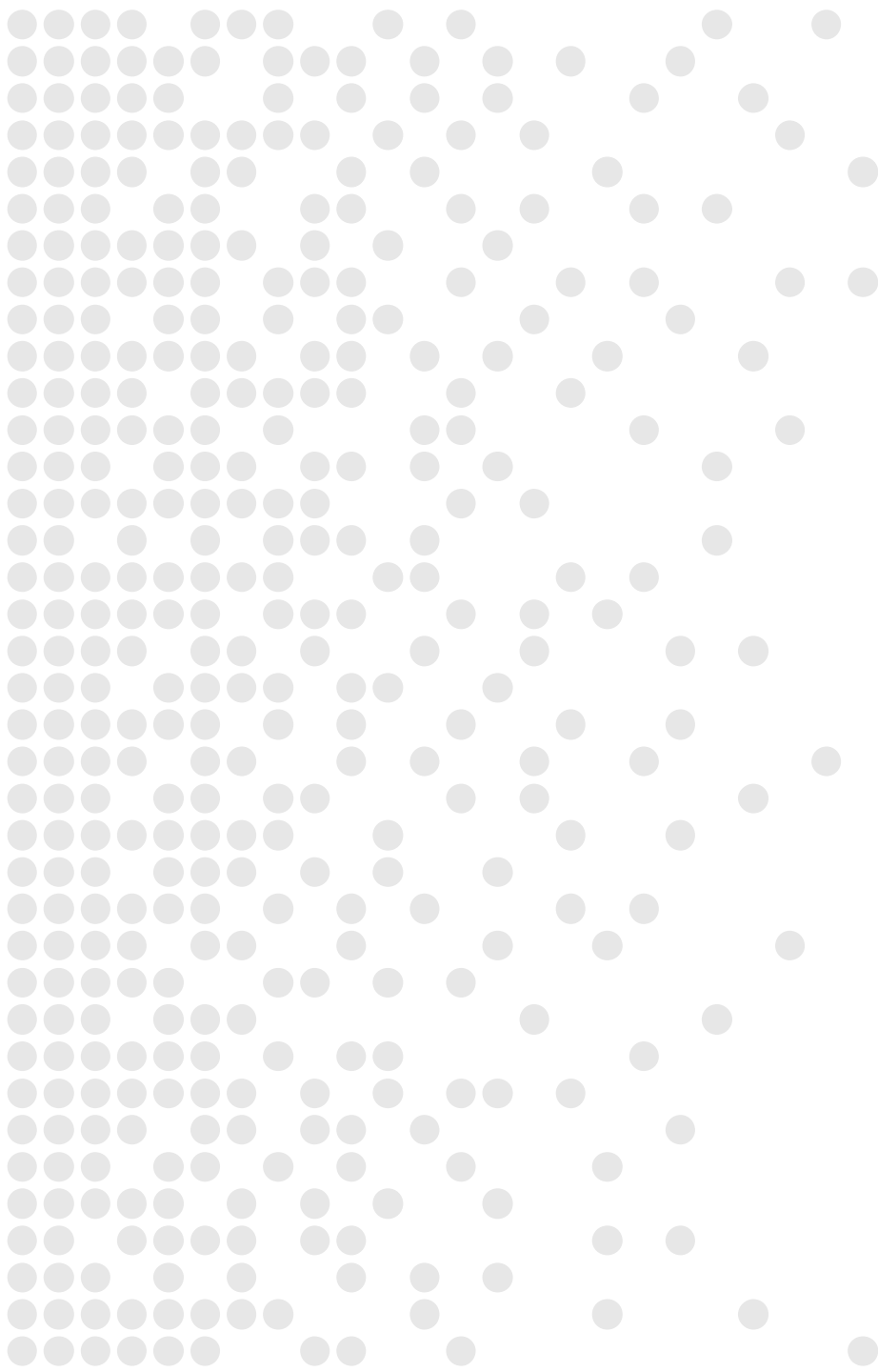


Service/Class of Service	Current	Calculated (2023\$)	80% Phase-in (Year 1)	85% Phase-in (Year 2)	90% Phase-in (Year 3)	95% Phase-in (Year 4)	100% Phase-in (Years 5-10)
Municipal Wide Services/Classes:							
Services Related to a Highway	10.92	16.28	13.02	13.84	14.65	15.47	16.28
Public Works	0.56	0.80	0.64	0.68	0.72	0.76	0.80
Transit Services	1.32	0.96	0.77	0.82	0.86	0.91	0.96
Fire Protection Services	0.31	0.69	0.55	0.59	0.62	0.66	0.69
Policing Services	0.36	0.61	0.49	0.52	0.55	0.58	0.61
Parks and Recreation*	0.16	0.95	0.76	0.81	0.86	0.90	0.95
	0.30						
Library Services	1.36	0.18	0.14	0.15	0.16	0.17	0.18
Growth Studies**	0.28	-	-	-	-	-	-
Long-term Care Services	0.02	0.04	0.03	0.03	0.04	0.04	0.04
Child Care and Early Years Programs	-	-	-	-	-	-	-
Provincial Offences Act Services including By-Law Enfo	0.02	0.03	0.02	0.03	0.03	0.03	0.03
Public Health Services	-	0.01	0.01	0.01	0.01	0.01	0.01
Ambulance	0.02	0.06	0.05	0.05	0.05	0.06	0.06
Waste Diversion	0.17	0.03	0.02	0.03	0.03	0.03	0.03
Total Municipal Wide Services/Classes	15.80	20.64	16.51	17.54	18.58	19.61	20.64
Water and Wastewater Urban Area Charges							
Wastewater Facilities	2.65	4.53	3.62	3.85	4.08	4.30	4.53
Wastewater Linear Services	3.53	6.91	5.53	5.87	6.22	6.56	6.91
Water Services	3.10	4.65	3.72	3.95	4.19	4.42	4.65
Total Water and Wastewater Urban Area Services	9.28	16.09	12.87	13.68	14.48	15.29	16.09
Stormwater Services - Combined Sewer System							
Stormwater Drainage and Control Services	-	-	-	-	-	-	-
Stormwater Services - Separate Sewer System							
Stormwater Drainage and Control Services	2.93	4.75	3.80	4.04	4.28	4.51	4.75
Grand Total - City Wide	15.80	20.64	16.51	17.54	18.58	19.61	20.64
Grand Total - Urban Area - Combined Sewer Sytem	25.08	36.73	29.38	31.22	33.06	34.89	36.73
Grand Total - Urban Area - Separate Sewer Sytem	28.01	41.48	33.18	35.26	37.33	39.41	41.48

*Parks & Recreation now combined as one D.C. eligible service

**Growth studies are no longer eligible when a new by-law is passed under Bill 23

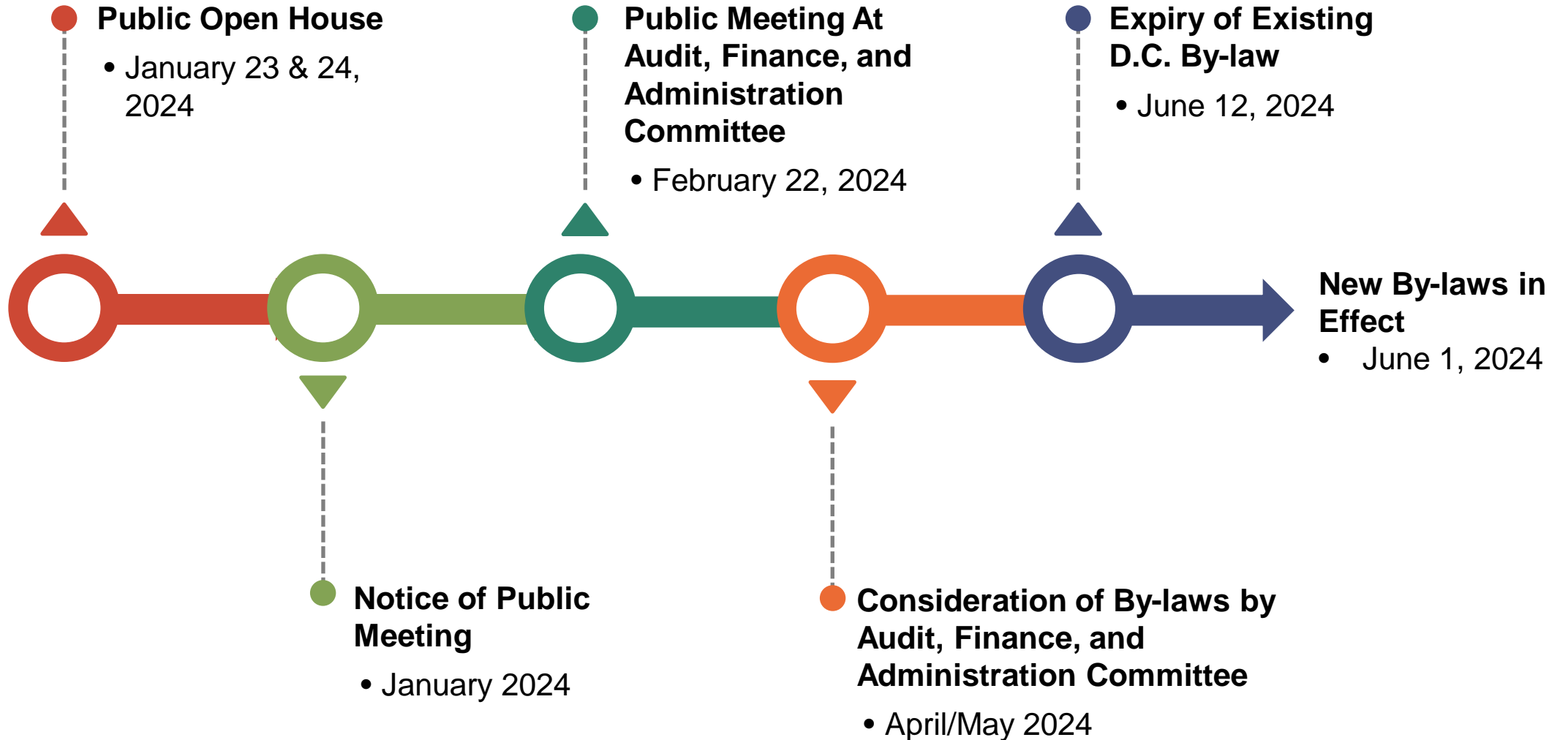
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Next Steps and Discussion

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Next Steps





Questions?