SUBJECT: Staging of Development Program (PED08205) (City Wide)

RECOMMENDATION:

(a) That the Planning and Economic Development Department be directed to continue to develop Hamilton’s first Staging of Development Program for subdivision approvals/registrations integrated with the annual Budget process.

(b) That following consultation with other departments, landowners and other stakeholders, staff report back to Committee/Council with the recommended 2009-2011 Staging Plan in December 2008.

(c) That the Staging of Development Program involve the development of a servicing capacity allocation policy and process.

EXECUTIVE SUMMARY:

The “Staging of Development Program” is a tool to establish short to medium term development priorities within the designated Urban Area. With the completion of GRIDS and the City wide master plans, the Staging of Development Program will establish the anticipated rate and timing of development in the City to meet the Provincial targets for growth and intensification. This program will allow various City departments and external agencies to focus on the deliverables related to each development priority concurrently. The City of Hamilton’s Staging of Development Program will provide a document and
process, which integrates the City’s financial planning for growth related Capital costs with land use planning and the timing of development for new growth areas.

**BACKGROUND:**

In May 2006, Council approved the Growth Related Integrated Development Strategy (GRIDS). The GRIDS project included a strategy to accommodate a projected population of 660,000 and 800,000 additional households by 2031. GRIDS is "integrated" because it uses the model of sustainability to draw together land use planning and infrastructure investment planning (water, wastewater, stormwater and transportation) within a framework that considers social/cultural, environmental and economic implications of growth and development decisions. In that regard, GRIDS is intended to bring together, into one process, all of the activities related to development. Coupled with a Staging of Development Program, the strategy enables a more coordinated, time efficient and cost efficient investment process for the public and private sectors.

The Staging of Development Program focuses on growth opportunities, required deliverables, return on investment, and timely implementation over a three (3) year period specifically by identifying all pending draft approvals and anticipated processing date (year), draft approved subdivisions, and potential year of construction. For each subdivision plan application, a detailed summary of the type of development – residential, commercial or industrial as well number of units (singles, semis, towns, apartments) is prepared and includes anticipated Development Charges (DC) expenditures and DC revenues along with any special considerations for planning (e.g. studies), servicing (construction of sewers, etc.) and financing (source funding; DC, levy, developer, grants, etc.). Refer to Appendix A to Report PED08205 for a sample summary.

Currently the City has approximately 30 pending draft plans, 60 approved draft plans, and 75 registered plans of subdivision with unbuilt lots. Through development of the draft Staging Program, each subdivision has been prioritized based on the availability of servicing, servicing adjacent lands, a developer’s need for extension of trunk services, the year work is anticipated to proceed, and timing related to completion of studies. With guidance from the prioritization of expected growth, staff can prepare its multi-year growth related Capital Budget that is better aligned with approved development applications.

It should be noted that funding for growth related projects is predicated on the growth rate and the collection of DC fees. Therefore, if development slows down, the ability of the City to provide for growth related infrastructure may be affected. Should this occur, only the higher rated affordable development improvements will be constructed.

**ANALYSIS/RATIONALE:**

Not applicable.
ALTERNATIVES FOR CONSIDERATION:

Currently, the approach used by the City to facilitate development applications to approval is to let the industry drive where growth will occur. In this way, we tend to be reactive to just considering whatever applications are submitted and are ‘at the top of the pile’. We respond based on mandatory timelines prescribed in the Planning Act (once an application is received and considered complete, the City is required to process these applications within 180 days or the applicant can proceed to the Ontario Municipal Board (OMB) for approval). This route typically is expensive and ties up numerous staff as well as resources. Conversely, if staff processes the application in a timely manner, it is often with conditions that can be onerous to meet because of various planning, servicing and financial considerations that have not yet been finalized. Clearing these conditions can become a major stumbling block and often results in changes to the plans and/or additional studies before an application can proceed to construction.

From a financing perspective, DC dollars or levy dollars may be required as a part of the City’s share of a subdivision development in accordance with the City’s Financial Policies for development. Currently, allocation of available funding is primarily on a first come, first serve, basis. Annually, staff from the Development Engineering Division request the industry/stakeholders/developers to submit a detailed summary of expected cost sharing from the City in the upcoming year. Staff review these requests and determine priorities based on estimated DC revenue available in the upcoming year and other factors that could benefit future and existing development. The growth related component of required infrastructure is paid for using DC dollars whereas the benefit to existing component is funded from the levy. Growth related projects, include infrastructure such as water towers, new arterial roads, and water system improvements such as watermain looping and booster stations.

In both the processing and financing of subdivision plans, the City is reacting to development pressures. With the Staging of Development, the City plans for which order the subdivisions are approved and thus provide some certainties and the stakeholders are aware of the City’s short term and medium term plans. With this certainty, an effective staging plan can also lead to a reduction in the number and scope of OMB hearings and excessive waste of staff resources.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial

One of the major municipal funding sources for the Staging of Development Program is DC revenues. Prioritization of development infrastructure is critical due to the fact that currently the City’s development revenue is collected at building permit stage which prohibits the City from front-ending several and/or larger development projects until the bulk of the funding has already been collected. Council has partially addressed this issue by the fact that one of the criteria they use to consider whether a development goes forward is the amount of new assessment that the project generates (R.O.I. – Return on Investment).
An example of the importance of the principles of the Staging of Development Program can be illustrated by the proposed $600 million wastewater plant expansion and associated water and wastewater major trunk lines. A significant portion of this infrastructure will have to be debt-financed. The associated debt repayments could be met by a combination of building permit stage development charge collections and/or DC prepayments by the major developers. Staff will be recommending that this infrastructure be staged so that those areas where the associated assessment growth would be the greatest and, therefore, of most benefit to the City be constructed first.

Another factor which limits construction of development infrastructure is the fact that the City to date has not been able to afford to fund the approximate $3 million in annual DC exemptions (tax supported program service areas such as roads, recreation, etc). Since 2000, this totals approximately $24 million in growth infrastructure which now has to be funded from the tax levy.

Also of importance is the risk factor of development demand. Once the City commits to construct development related infrastructure, development revenues need to materialize in order to pay for the construction activities or else tax levy revenues would need to be used. By staging the construction of development based on Council’s priorities, this risk can be minimized. Staff will augment the Staging of Development Program with other funding risk-minimization strategies such as developer prepayment agreements and effective private-public development partnerships.

**Staffing**

With development and implementation of the Staging of Development Program, it is anticipated that additional efficiencies will be realized, such as a reduction in time spent involved in OMB hearings. This will allow staff to focus jointly on areas of high priority.

**Legal**

Not applicable.

**POLICIES AFFECTING PROPOSAL:**

The City of Hamilton’s Official Plan (OP) is to include policies to support Staging of Development. Imbedded into the City’s OP is the fundamental principle that the rate and direction of development in the new growth areas will be governed by the City’s ability to provide and extend municipal services including capacity, as required, and by the City’s ability to meet the financial obligations for the provision of the required service.

**RELEVANT CONSULTATION:**

Finance, Legal Services, Public Works, external government agencies and the development industry have been consulted throughout the development of the Staging Program.
CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No

A Staging of Development Program will allow the City to establish development priorities to allow for a logical staging of growth which will enhance both existing and growing communities.

Environmental Well-Being is enhanced. ☐ Yes ☑ No

Economic Well-Being is enhanced. ☑ Yes ☐ No

A Staging of Development Program will provide for greater certainties with respect to assessment growth by planning for infrastructure investment that will be of most benefit to the City.

Does the option you are recommending create value across all three bottom lines? ☐ Yes ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No

TS:GN:gc
Attach. (1)
City of Hamilton
Staging of Development Programme
For lands to be developed under subdivision applications

Application Information
Application Number: 25T200725
Name and Location: 'Garner Road East (ORC Property)', Ancaster
Status: Pending
Date Plan Approved:

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Residential</th>
<th>Unregistered in Draft Plan</th>
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</thead>
<tbody>
<tr>
<td>Townhouse</td>
<td>27 Blocks - 168 units</td>
<td>27 Blocks - 168 Units</td>
</tr>
<tr>
<td>Storm Water Management Pond</td>
<td>2 Blocks - 0 units</td>
<td>2 Blocks - 0 Units</td>
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<tr>
<td>Open Space</td>
<td>2 Blocks - 0 units</td>
<td>2 Blocks - 0 Units</td>
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<tr>
<td>Institutional</td>
<td>1 Block - 0 units</td>
<td>1 Block - 0 Units</td>
</tr>
<tr>
<td>Park</td>
<td>1 Block - 0 units</td>
<td>1 Block - 0 Units</td>
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<tr>
<td>Semi-Detached</td>
<td>36 Lots - 72 units</td>
<td>36 Lots - 72 Units</td>
</tr>
<tr>
<td>Single Family</td>
<td>78 Lots - 78 units</td>
<td>78 Lots - 78 Units</td>
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<tr>
<td>Apartment (Bachelor &amp; 1 Bedroom)</td>
<td>2 Block - 334 units</td>
<td>2 Block - 334 Units</td>
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</tbody>
</table>

Development Charges (Expenditures and revenues are based on the unregistered portion of a draft plan)

<table>
<thead>
<tr>
<th>DC Expenditure</th>
<th>DC Revenues</th>
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<tbody>
<tr>
<td>Internal:</td>
<td>External Capital:</td>
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<tr>
<td>$192,966.00</td>
<td>$1,463,400.00</td>
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<td></td>
<td>$5,901,360.00</td>
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<tr>
<td>Total DC Expenditure:</td>
<td>$7,661,504.00</td>
</tr>
</tbody>
</table>

Staging Information
Development Timing: Unknown
Processing Priority: 2009A
Year Capital Funding Approved: 2006

Special Considerations
Planning: Subject to Garner Road Neighborhood Plan; Garner Road MDP
Servicing: Subject to sanitary sewer upgrades downstream on Southcote Road, Golf Links Road and Dorval Drive; subject to pumping station upgrades (stage 2); subject to erosion works as per
Financial: DC Funding for SWM Ponds (A-8, A-9)
Related Applications: OPA-07-031, ZAC-07-105
Dependancy to Other Lands: 25T200401, Southcote Woodlands