SUBJECT: Development Charge Exemption to the Expanded Downtown Hamilton Community Improvement Project Area (FCS08072) (Wards 1 and 2)

RECOMMENDATION:

a) That the City’s Development Charges (D.C.) Exemption Policy be applied to the Expanded Downtown Hamilton Community Improvement Project Area (refer to Appendix A of report FCS08072); and

b) That the amending Development Charges By-law, attached hereto as Appendix A to report FCS08072, being an amendment to Development Charges By-law 04-145, be passed and enacted.

EXECUTIVE SUMMARY:

On June 25, 2008, City Council approved amended report (PED07074(b)) (Wards 1 and 2) which expanded the Downtown Hamilton Community Improvement Project Area. Specific to City of Hamilton Development Charges was the following direction to staff:

(a) “That the Downtown and Community Renewal Community Improvement Project Area be amended by expanding the Downtown Hamilton Community Improvement Project Area, as shown on Sheet 1 of Appendix ‘A’ attached to Report PED07074(b), and that the by-law attached to Report PED07074(b) as Appendix ‘A’ be enacted…”,

Peter A. Barkwell
Acting General Manager
Finance and Corporate Services
(b) That Committee support the extension of the City’s Development Charges Exemption Policy to the expansion area; and that this matter be referred to Finance and Corporate Services staff, for a report to a Public Meeting at Audit and Administration Committee, respecting a proposed amendment to the Development Charges By-law, to consider the extension of the Development Charges Exemption Policy to the subject area; and that the Public Meeting be held in September, 2008.”

The process for a Development Charges By-law amendment would be as follows (as per the DC Act):

- Public Meeting would need to be held concerning the amendment;
- Newspaper advertisement of the public meeting at least twenty (20) days prior to the public meeting;
- Ensure that the proposed by-law amendment is made available to the public two (2) weeks prior to the public meeting;
- At the public meeting, citizens may make representations concerning the amendment;
- The City Clerk shall give written notice of the passing of the by-law no later than twenty (20) days after the passing, and of the last day for appealing the by-law, which shall be the day that is forty (40) days after the day the by-law is passed;
- The amendment would be subject to a forty (40) day appeal period whereby appeals can be made to the Ontario Municipal Board (OMB);
- Appendix A to report FCS08072 will replace Schedule D in the City of Hamilton Bylaw No. 04-145.

In order to meet the timelines, staff will post an advertisement no later than August 28th, 2008, based on the Audit & Admin meeting date of September 17th, 2008. Staff will make available to the public, the By-law amendment no later than September 2nd, 2008.

**BACKGROUND:**

City Council, at its’ meeting held January 30, 2008, approved the Economic Development and Planning Committee Report 08-002, Section (aa) that directed staff to review an expansion of the Hamilton Downtown Community Improvement Project Area to include both sides of the boundary streets, namely Queen, Hunter, Cannon and Victoria. Upon review of the feasibility of an expansion, staff are in full support of expanding the boundaries as it makes sense to capture both sides of the boundary streets.

Currently, DC exemptions exist within the original Downtown Hamilton Community Improvement Project Area. Under the provisions of the current DC By-law 04–145, all development within the boundaries of the Downtown Community Improvement Plan (C.I.P.) is exempt.
Another issue which needs to be considered, is the fact that Provincial policies and population forecasts are dictating that 40% of a municipality’s future growth must occur through intensification, not Greenfield Development. The City of Hamilton may be spending hundreds of millions of dollars for growth infrastructure (i.e., wastewater plan expansion) which would require funding significant debt through DC collections. Therefore, any significant exemptions would place an even greater strain on the tax/rate levy to meet tax supported service debt obligations. The City’s Tax-Supported Capital Budget has, to date, not funded any DC exemptions which, for the entire City, total an average of approximately $3 million annually. For the new Water/Wastewater Development Charge By-law forthcoming in late 2008, staff will be identifying to Council, potential lost growth revenues as a result of exemption policies currently in place.

**ALTERNATIVES FOR CONSIDERATION:**

**Option A – Status Quo**

Under this option, regular Development Charge rates would be charged. Under this option, there would be no additional loss in DC revenue.

**Option B – Grant in lieu of DCs**

Under this option, the City would provide a grant-in-lieu of DCs payable. In effect, the DCs on such projects would be waived and the shortfall in DCs collected would be transferred to the DC reserves from another City funding source which, due to the City's financial position, becomes problematic.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

In the short-term, the loss in potential DC revenue would not be significant. The bulk of the construction in this area ($105 million of value) has been in the form of reconstruction activity where the service of the new construction has been replacing existing capacity. Net new service capacity required has not been significant to date. Long-term construction forecast may require this to change (i.e., Provincial Places to Grow Document). There is currently no development charge in effect in the Downtown.

In the long-term, the City would find it very problematic foregoing DC revenue in high-growth/high demand areas. The City of Hamilton has, to date, used DC exemptions in the Downtown as a financial incentive to stimulate development. Staff will be presenting to Council various DC rate options for the Downtown area based on the assumption of development demand increasing. This will be done in late 2008, as the new Water/Wastewater Development Charge By-law is presented to Council.
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
  Intensification

- Environmental Well-Being is enhanced. ☑ Yes ☐ No
  Intensification

- Economic Well-Being is enhanced. ☑ Yes ☐ No
  Increases assessment

Does the option you are recommending create value across all three bottom lines?

- Yes (intensification) ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

- ☑ Yes ☐ No
Appendix A to report FCS08072
Development Charge Exemption to the Expanded Downtown Hamilton Community Improvement Project Area (Wards 1 and 2)

THE CITY OF HAMILTON
BYLAW NO. __-____

Being a by-law to amend By-law 04-145
Respecting development charges on lands within the City of Hamilton

WHEREAS the Development Charges Act, 1997, S.O. 1997, Chapter 27 (hereinafter referred to as the “Act”) authorizes municipalities to pass a by-law for the imposition of development charges against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the said bylaw applies;

AND WHEREAS the City of Hamilton did, in accordance with the said Act, on the 6th day of July 2004, enact Bylaw 04-145 to impose Development Charges; (hereinafter such Bylaw may be referred to as the “Bylaw”);

AND WHEREAS the Council of the City of Hamilton, at its meeting of June 25th, 2008, has approved the enactment of a Bylaw to expand the Downtown Hamilton Community Improvement Project Area as set out therein; and approved policies to be included in the said Development Charges By-law 04-145 by way of an amendment thereto;

AND WHEREAS, in advance of passing this amending Bylaw, the Council of the City of Hamilton has given notice of and held a public meeting on September 17, 2008 in accordance with Section 12 of the Act regarding its proposals for this development charges bylaw;

AND WHEREAS the Council of the City of Hamilton, through its Audit and Administration Committee, has received written submissions and heard all persons who applied to be heard no matter whether in objection to, or in support of, this bylaw, and has determined that no further public meetings are required under Section 12 of the Act;

NOW THEREFORE, the Council of the City of Hamilton hereby enacts as follows:

12. Schedule “D” to By-law 04-145 is hereby deleted and the Schedule attached to this Amending By-law as Schedule “A” is hereby substituted therefore.

PASSED AND ENACTED THIS 24TH DAY OF SEPTEMBER 2008.

____________________________    _________________________
MAYOR       CLERK
Appendix A to report FCS08072
Development Charge Exemption to the Expanded
Downtown Hamilton Community Improvement Project
Area (Wards 1 and 2)

SCHEDULE A TO BYLAW 06-__

DOWNTOWN HAMILTON COMMUNITY IMPROVEMENT PROJECT AREA

Legend
- Downtown Hamilton Community Improvement Project Area Boundary
- Downtown Hamilton Community Improvement Project Area Expansion Boundary

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT