




## INFORMATION UPDATE

<b>TO:</b>	Mayor and Members City Council
<b>COMMITTEE DATE:</b>	May 16, 2019
<b>SUBJECT/REPORT NO:</b>	2019 Development Charge Background Study Addendum
<b>WARD(S) AFFECTED:</b>	City Wide
<b>SUBMITTED BY:</b>	Cindy Mercanti Acting Director, Financial Planning and Policy and Director, Customer Service and POA Corporate Services Department
<b>SIGNATURE:</b>	

The City's existing 2014 Development Charges (DC) By-law 14-153 is set to expire on July 6, 2019. As such, staff was directed to undertake a new DC Background study in October 2017 through Report FCS17086. Since that time, staff and consultants have worked to compile and release the information required to be included in a DC Background Study per the *Development Charges Act, 1997*, as amended (DC Act).

The draft local service policy and draft service standards were released in September 2018. The draft capital project lists were released in January 2019 and the complete DC Background Study was released on March 13, 2019. During the consultation period, all enquiries, concerns and feedback received were reviewed and validated and, where appropriate, amendments implemented.

As part of the open and transparent consultation, an Addendum to the DC Background Study has been prepared. The Addendum includes a recalibration for the in-period calculation for identified storm projects.

All projects that are included in the 2019 DC Background Study related to Elfrida have a two-thirds post period benefit applied, meaning that two-thirds of the population growth that the projects would service would be realized after the applicable population forecasts are achieved. The stormwater calculation, for identified projects, has been revised to ensure the consistent application of the two-thirds post period benefit.

The Addendum has a net impact of amending the total capital costs included in the DC calculation downward from \$2.275 B to \$2.202 B in the separated sewer system and from \$1.873 B to \$1.872 B in the combined sewer system. In addition, there are a number of smaller amendments included in the Addendum such as updating rock costs for storm facilities, clarifying language in the stormwater local service policy and an adjustment to the recreation services list.

The impact on the per unit calculated DC rates is fully detailed on page 9 of 117 of the Addendum attached as Appendix “A” to this Information Update and summarized in Table 1 below.

**Table 1: Calculated DC Rates**

Calculated DC Rates (per dwelling unit unless otherwise stated)	Combined Sewer System			Separated Sewer System		
	2019 DC Initial	2019 DC As amended	Decrease	2019 DC Initial	2019 DC As amended	Decrease
Singles / Semi's	\$43,523	\$ 43,489	\$ 34	\$52,561	\$ 50,003	\$ 2,558
Townhouse / Other Multiple	\$31,152	\$ 31,128	\$ 24	\$37,620	\$ 35,790	\$ 1,830
Apartment (2+ bdrms)	\$25,487	\$ 25,467	\$ 20	\$30,780	\$ 29,282	\$ 1,498
Apartment (1 bdrm)	\$17,436	\$ 17,422	\$ 14	\$21,056	\$ 20,031	\$ 1,025
Residential Facility (per bed)	\$14,057	\$ 14,046	\$ 11	\$16,977	\$ 16,151	\$ 826
Non-residential (per sq. ft.)	\$ 18.02	\$ 18.02	\$ -	\$ 20.30	\$ 20.18	\$ 0.12
Industrial (per sq. ft.)	\$ 10.99	\$ 10.99	\$ -	\$ 12.39	\$ 12.30	\$ 0.09

In order to prepare for the changes expected out of *Bill 108: More Homes, More Choice Act* (Bill 108), the DC administrative studies category has been split between Engineering Services Studies (hard services) and Community Based Studies (soft services). The repositioning of how hard and soft services are presented has been done in preparation for the pending Bill 108 requirements.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – Addendum #1 to the March 13, 2019 Development Charges Background Study, City of Hamilton as prepared by Watson & Associates Economists Ltd.

LG/CM/dt