




Hamilton

COMMUNICATION UPDATE

TO:	Mayor and Members City Council
DATE:	June 7, 2024
SUBJECT:	Affordable Housing Exemption (City Wide)
WARD(S) AFFECTED:	City Wide
SUBMITTED BY:	Kirk Weaver Acting Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

The purpose of this Communication Update is to provide Council with an update on the implementation of the affordable housing exemption of Development Charges (DC), Community Benefit Charges (CBC) and Parkland Dedication Cash-In-Lieu fees (Parkland) for rented and purchased residential units which meet thresholds of affordability set by the Province of Ontario (the Province).

LEGISLATIVE BACKGROUND

On April 10, 2024, the Province announced that the DC, CBC and Parkland exemption of affordable housing units, introduced through the Bill 23, *More Homes, Built Faster Act, 2022*, and amended through Bill 134, *Affordable Homes and Good Jobs Act, 2023* will come into force on June 1, 2024. The Minister of Municipal Affairs and Housing has published the “Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin” (the Bulletin) to determine the dollar threshold for a unit to be considered affordable. The Bulletin is accessible on the Province’s website: <https://www.ontario.ca/page/municipal-development-and-community-benefits-charges-and-parklands#section-4>

Table 1 provides a high-level summary of the exemption criteria from Section 4.1 of the *Development Charges Act, 1997* (the DC Act) for rented and purchased residential units to be eligible for the mandatory affordable housing exemption.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Table 1
Development Charges Act, 1997 Affordable Housing Exemption Criteria

Rental Criteria	Purchase Criteria
Tenant is arm's length from landlord	Purchaser is arm's length from seller
Rent is no greater than the lesser of: 1. income-based affordable rent for the residential unit (rent equivalent to 30% of a 60 th percentile renter income); and 2. the average market rent for the residential unit	Purchase price is no greater than the lesser of: 1. income-based affordable purchase price (annual accommodation costs equivalent to 30% of a 60 th 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

The DC Act requires municipalities and the landlord/seller to enter into a 25-year agreement to maintain affordability of a residential unit. The Province has the ability to establish standardized agreements which must be utilized by municipalities. As of the date of this Communication Update, the Province has not released a standard form agreement.

The *Planning Act, 1990*, contains language in the CBC and Parkland sections which exempts residential units from CBCs and Parkland if the units meet the affordable housing criteria in the DC Act.

AFFORDABLE RESIDENTIAL UNIT BULLETIN

The Bulletin published by the Ministry of Municipal Affairs and Housing provides detailed guidelines and metrics to determine if a residential unit qualifies as affordable under the DC Act. The bulletin is expected to be updated annually and published on the Province's website.

On May 1, 2024, the Province published the first Bulletin which took effect on June 1, 2024. Table 2 outlines the exemption criteria specific to the City for building permits issued beginning June 1, 2024 and ending May 31, 2025.

Table 2
2024-2025 Affordable Housing Exemption Thresholds for the City of Hamilton

	Rental Thresholds	Purchase 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	

Units which meet the thresholds established through the Bulletin will be exempt from DCs, CBCs and Parkland.

EXEMPTION IMPLEMENTATION

Financial Planning, Administration & Policy staff is working in collaboration with the Legal Services Division and the Housing Secretariat staff to establish and implement appropriate processes for the affordable housing exemption that came into effect on June 1, 2024.