



April 30, 2025

From:
West End Home Builders' Association
1112 Rymal Road East
Hamilton, Ontario L8W 3N7

To:
**Members of Audit, Finance and
Administration Committee**
City of Hamilton, 71 Main Street West

WE HBA Letter: Review of Development Chargers and Developer Incentives

The West End Home Builders' Association ("WE HBA") is the voice of the land development, new housing and professional renovation industries in Hamilton, Burlington, and Grimsby. WE HBA represents 320 member companies made up of all disciplines involved in land development and residential construction. In the Hamilton CMA in 2023, residential construction contributed over \$3.8 billion in investment value and provided nearly 17,000 jobs paying about \$1.2 billion in wages¹. WE HBA notes that these economic indicators are in rapid decline as housing starts continue to drop. As such we appreciate Committee reviewing Development Charges ("DCs") and Development Incentives and how this will impact our members ability to deliver housing.

Over the past several months, municipalities across Ontario have increasingly acknowledged the substantial impact that DCs and other fees have on the feasibility and final cost of housing delivery. Vaughan Mayor Steven Del Duca recently stated, *"Development Charges have become an unfair tax burden on homebuyers... We have a housing affordability crisis and it is time for us to get real about the solutions needed to solve it."* This quote followed the City of Vaughan resetting residential DC rates to September 2018 levels. According to the City of Vaughan's calculation, residential DCs had risen 66% since 2018; the reset reduced low-rise residential DC rates from \$94,466 to \$50,193. Mississauga Mayor Carolyn Parrish recently stated, *"There was a 95 per cent drop in new high-rise sales in the region last year. It's clear we can no longer afford to wait. We must do what we can right now to help get shovels in the ground - our residents deserve nothing less."* This follows action to reduce all DCs payable by 50%, reducing 3-bed and purpose-built rental DCs payable by 100%, repealing the City's Community Benefits Change By-law and deferring the collection of residential DCs until the first occupancy permit is issued instead of the building permit. At last week's Toronto City Council session, members voted in favour of freezing DCs at their current rates, effective May 1st. This came a week before DCs were set to rise by 4%, and offers reprieve for new housing development in the city. As outlined in a motion that went to Council on April 23rd and 24th, the City's Chief Financial Officer is authorized, as of May 1st, to use Section 27 agreements on all new housing developments to suspend DC increases until a "comprehensive review" has been completed and a new by-law adopted.

We are encouraged to see Hamilton joining this growing movement and recognition that development charges are a major issue by taking meaningful steps toward addressing these challenges. We greatly appreciate Council's consideration of new measures aimed at increasing housing supply and reducing costs for both homebuyers and renters including extending the

¹ CHBA Economic Impacts 2023 Fact Sheet, City of Hamilton.



phase out of the Downtown CIPA Partial Exemption, extending the eligibility period for demolition credits, a temporary partial exemption of DCs for 2-bedroom and larger residential apartment units, and an alternative for consideration regarding blanket DC exemptions. While this proactive stance demonstrates an understanding of the urgent need to address the challenges our industry is facing and the economic ripple effects that will be felt across the city, we are unclear why it is being limited to apartments. The City of Hamilton should be supporting family sized units or all types and recognize that job losses are being felt through all sub-sectors of the construction industry in Hamilton. **WE HBA strongly recommends all types of units receive temporary relief. We therefore recommend the “alternative approach” articulated by City Staff for a temporary general exemption of DCs to provide immediate and broad financial relief.**

Reduced DCs and increased incentives will significantly contribute to the economic viability of both current and future housing projects and keep applications moving through the pipeline. Importantly, they will also help minimize the costs borne by individuals and families seeking to purchase or rent new residential units. While WE HBA is disappointed that the DC Indexing is not being reconsidered, we are encouraged by the proposed amendment to the DC Transition Policy, extending the transition policy for an additional 6 months.

WE HBA notes that the deferral of DCs to occupancy permit are not being considered; we encourage the City to reconsider, as cities such as Mississauga, Toronto and Vaughan have implemented DC deferrals to occupancy permit without concern for staff capacity to enter into agreements. WE HBA is unclear why City Staff claim that ensuring compliance at occupancy is a burden when other municipalities utilize the occupancy permit as a trigger for DC payment. **WE HBA strongly recommends that the City of Hamilton defer payment of DCs from building permit to occupancy permit. This is a critical adjustment as it relates to construction financing and economic viability.**

With this work, Hamilton will better align itself with other forward-thinking municipalities that are exploring creative and collaborative solutions to the housing crisis. We strongly believe that continued action and leadership in this area are essential to achieving long-term affordability and sustainability in the housing market. WE HBA thanks the City's responsiveness and commitment to engagement with the industry. We look forward to future reporting to AF&A Committee to develop updated residential and non-residential building start forecasts and to the May 22nd AF&A Committee regarding Community Benefits Charges.

Sincerely,

Mike Collins-Williams, MCIP, RPP

Chief Executive Officer

West End Home Builders' Association