

West End Home Builders' Association

1112 Rymal Road East, Hamilton

Serving members in Hamilton, Burlington, and Grimsby

May 17, 2024

TO: Mayor Meed Ward and Members of Council

WE HBA Letter: City of Burlington Development Charges 2024

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. The WE HBA represents over 300 member companies made up of all disciplines involved in land development and residential construction, including: builders, developers, professional renovators, trade contractors, consultants, and suppliers.

WE HBA would like to thank Committee of the Whole for the opportunity to delegate regarding the City of Burlington's 2024 Development Charges Background Study. WE HBA appreciates the work by the City and Watson & Associates to understand the concerns of the industry and present revised recommendations to Committee. We are supportive of the bold stance the City of Burlington has taken to reduce Development Charges amidst a housing crisis.

WE HBA outlined our concerns regarding the 2024 Development Charges (DCs) consultation process in Burlington in our deputation to the Committee. The City of Burlington's process stands in stark contrast with the process followed in the City of Hamilton. While both municipalities need to have an updated By-law in place for June 2024, Hamilton released the draft Background Study for stakeholder review in December 2023; held two public consultation meetings; held the public meeting in February; and brought forward an addendum report and considered By-law passage on May 8th, allowing time for two additional Council meetings to be available should there need to be any final revisions to the By-law. This extended process allowed the industry time to fully engage with the Study material and work with City staff and Watson & Associates on the projects and recommendations. In contrast, Burlington's draft Background Study was released on March 22nd; the statutory public meeting was held on May 14th; and Council must approve the DC Study on May 21st because Burlington must have a new By-law by June 1st. While Burlington is meeting statutory requirements for a DC By-law, there has been little flexibility in the process. WE HBA would be pleased to participate in discussions with the City about how to better work together moving forward. Again, while WE HBA is strongly supportive of the outcome, we believe the process could be improved in the future.

Burlington's new DC By-law comes at a time of a strong downturn in the housing market, especially condos, the likes of which has not been seen since the Great Recession. With a high proportion of high-density development in the pipeline, it will be very difficult to achieve our housing targets considering the current downturn, which is stalling projects across the GTHA. Upper levels of government are aware of the impacts of DCs on housing affordability and supply. Federal Minister of Housing Sean Fraser stated, regarding DCs, that "you can't keep increasing taxes on new homebuilding and expect to have new homes built". The province was aware of the issue with DCs in 2022 when it made changes through Bill 23, but recent legislative announcements have the province moving the wrong direction. In 2022, the Premier criticized municipalities about raising DCs in a housing crisis.

The staff recommendation represents a bold municipal response to the housing crisis. Current DC rates are proposed to be reduced from the rates they are today by approximately 15%. This will bring the local DC down from \$10,316 per large apartment unit to \$8,779. This is proactive approach to incentivize new housing supply in today's high interest rate



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environment. Cities need to be looking carefully at their DC budgets and making smart decisions about what is truly necessary to be included in the costs to build a new home.

Staff are proposing to remove certain long term infrastructure projects from the DC By-law as it is anticipated these projects will not be built during the 10-year term of the By-law. These projects will require significant technical work and coordination with the Ministry of Transportation to be built. WE HBA appreciates them being removed from the calculation that impacts new homebuyers and future renters. This should have no impact on the municipal tax levy but will have significant positive impacts for future residents of Burlington. WE HBA supports the revised staff recommendation, and believe it is appropriate given the crisis at hand and Burlington's desire to jumpstart new home construction in the near term. WE HBA will continue to advocate as development partners to the City for senior level government funding such as Housing Accelerator Fund (HAF) support.

The federal government has announced a further 6 billion dollars in HAF money for municipalities over 300,000 people who freeze DCs. While Burlington does not meet the population threshold, WE HBA is working with the Canadian Home Builders' Association (CHBA) for clarity regarding Burlington's eligibility. Given Burlington's position within a regional municipality with a population over 300,000, WE HBA believe there is opportunity for the federal government to support municipalities like Burlington that demonstrate bold leadership to reduce taxes on new housing.

Finally, WE HBA would like to offer additional ideas for how Burlington can further incentivize development in alignment with Council priorities. The City has an approved brownfield remediation program that is in place but has not been funded. By activating this program with funding, the long-term health of the City can be improved by increasing the long-term tax productivity of land. If Burlington can incentivize development of a building that would not otherwise be built due to high remediation costs, the City can realize numerous benefits. In Burlington, a low-density lot, parking lot or underutilized site paying roughly \$20,000 per year could be redeveloped into 154 new homes paying closer to \$350,000 annually. Costs to run a city will always go up, which can be managed through annual property tax increases; or cities can focus on increasing the tax productivity of land and increasing the number of taxpayers through redevelopment, intensification, and infill. Additionally, Tax Increment Financing is a tool the City can use to shape development in alignment with Council priorities such as remediating contaminated land or incentivizing 3-bedroom units.

WE HBA requests the City adopt the staff recommended DC reduction, and in future, direct staff to investigate the use of Community Improvement Plan Areas to use Tax Increment Financing to incentivize Council priorities. Doing this demonstrates Burlington is taking the housing crisis seriously and working in partnership with industry to ensure Burlington is place where everyone is welcome.

Sincerely,

Mike Collins-Williams, RPP, MCIP

Chief Executive Officer

West End Home Builders' Association

westendhba.ca



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