

West End Home Builders' Association

1112 Rymal Road East, Hamilton

Serving members in Hamilton, Burlington, and Grimsby

April 12, 2024

TO: Carolyn Paton, Lindsay Gillies, and Kirk Weaver

WE HBA Letter: 2024 Hamilton Development Charges – Recent Provincial and Federal Announcements

WE HBA would like to thank the City of Hamilton for the robust public engagement process undertaken to date as the City seeks to increase their Development Charge rates for 2024. Given the recent provincial announcement winding back the proposed Development Charge Transition Policies brought in through Bill 23, WE HBA would like to request the City codify those transition policies within the City's proposed Development Charges By-law.

The reason for this request is twofold. Firstly, without the transition policies that were consulted on, Builders and Developers will encounter an overnight increase to the DC rate of 31-35%, and not the proposed rates that were consulted on for 2024 through the City's detailed consultation on the Background Study which began in 2022. The impacts of these changes are illustrated on a Single Family Dwelling Unit below:

With Transition	Without Transition
Combined Sewer System <ul style="list-style-type: none">+ 3,189 (5.5% increase, \$61,316/SFD) Separated Sewer System <ul style="list-style-type: none">+5,542 (8.3% increase, \$72,506/SDF)	Combined Sewer System <ul style="list-style-type: none">+ 18,518 (31.9% increase, \$76,645/SFD) Separated Sewer System <ul style="list-style-type: none">+ 23,669 (35.3% increase, \$90,633/SFD)

Not only does this impact builders and developers, it will also significantly impact new home buyers who would likely be unable to close on the homes they have purchased. The Planning Act authorizes the sale of homes upon the issuance of draft plan approval by the municipality. In practice, homes are generally sold following the receipt of first engineering comments after the 'draft plan approval' date. There are several subdivisions in Hamilton that were draft approved after the effective date of Bill 23, and subsequently sold based on the provincial transition policies and the ongoing municipal consultation. Standard form of purchase agreements provide that all Development Charges and levies are included in the purchase price, and any increases after that agreement date are to be paid by the buyer on closing.

Many sale agreements have been completed during the time frame when the Bill 23 transition policies were in effect. The applicable Development Charges in Hamilton for new homes sold and to be constructed, are 80% of the base rate to be approved by Council. The 20% difference will be an adjustment to the purchase price of every new home sold in Hamilton. There are many Hamilton families that will be immediately impacted by this. Both the price of the home and the buyer's mortgage commitment had been fixed in accordance with the applicable taxes in place at the time of the purchase contract. The proposed elimination of the 80% phase-in amounts to roughly \$18,000-23,000 per single family detached home. Buyers are currently awaiting construction of their homes, and in many cases have 'maxxed out' their available funds. Put bluntly, the decision to eliminate phasing of the DC by-law's effect at this time will either force many families out of their homes or result in significant hardship to the Hamiltonians who purchased preconstruction homes. This request from WE HBA permits this Council to avoid that catastrophic result.

Secondly, recent federal announcements have indicated the potential for significant funding being made available to municipalities whose Development Charge rates are not increased. This represents a recognition from the federal

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government that to advance more housing supply, all levels of government need to strip away costs to new home construction. It also identifies that regularly increasing Development Charge rates pose significant barriers to new housing supply. Specifically, the federal government's newly released Housing Plan states the following:

To address the housing challenges and for the successful implementation of the Housing Plan, we need provinces, territories and municipalities to commit to actions that go beyond their status quo. These could include, but are not limited to:

- limiting increases to development charges and restricting their usage to growth-related costs;

In particular, they also specifically identify “implementing a three-year freeze on increasing development charges from April 2, 2024 levels for municipalities with a population greater than 300,000” which could have a significant impact on Hamilton. We understand the City's need to collect Development Charge revenue to fund necessary infrastructure projects to support new home construction. However, we believe maintaining the provincial phase in requirements that were consulted on through the City's most recent Background Study gets to the heart and intent of the new federal Housing Plan at a time when senior levels of government are pouring significantly more financing into housing supportive infrastructure.

Predictability and stability provide the industry with the confidence to move forward with projects and deliver the housing Hamiltonians need – across the Housing Continuum. We'd like to reiterate that 2023 was the worst year for new home sales in Hamilton in the last decade, and 95% of all housing for Hamiltonians is delivered by the private sector. WE HBA looks forward to continued partnership and collaboration with the City, and believe that through implementing the DC rates with the transition policies that had been contemplated during the Background Study will provide the stability needed to keep projects in Hamilton moving forward.

Sincerely,



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Manager of Planning and Government Relations
West End Home Builders' Association



Mike Collins-Williams, RPP, MCIP
Chief Executive Officer
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