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From:
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To:
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WE HBA Letter: Burlington Housing-Focused CIP

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. Amidst current market challenges that are affecting development city-wide, and the concurrent housing supply crisis, it is more important than ever for government to consider options for encouraging community builders to move forward with stalled projects. WE HBA supported the City's successful Housing Accelerator Fund application and is happy to see the program of work proceeding.

WE HBA appreciates the opportunities to provide comments on the Housing-Focused Community Improvement Plan ("CIP") so far and wishes to provide feedback on information presented at the City's CIP Open Houses. WE HBA is concerned about the future of the federal Housing Accelerator Fund. A focus on long-term sustainability of Burlington's program is critical, as there is a potential that Burlington may not receive future final funding imbursements. WE HBA appreciates that as per report DGM-19-25 staff "are closely monitoring the federal election for any signs that may impact the ongoing security of the approved HAF and will report back as necessary." Given strong volatility in the current political climate, it is prudent for staff to prepare for the any possible scenario.

Therefore, WE HBA is strongly supportive of the proposed Tax Increment Equivalent Grants ("TIEGs") proposed for Missing Middle and Mid/High Rise projects that advance City priorities for new rental supply. TIEGs provide municipalities with the opportunity to incentivize development, create new supply, increase tax assessment value, and provide long-term return on investment. While there is an upfront cost to municipalities, TIEGs differ from traditional grants or forgivable loans in that they are proportionate to the property tax uplift created by the incentivized development. WE HBA strongly supports this model as a win-win for the municipality and the development industry.

Our neighbouring City of Hamilton's Revitalizing Hamilton Tax Increment Grant ("the Grant") has been successfully utilized by a number of developers to create uplift in property taxes, increase housing supply, and achieve other City objectives such as sustainability and affordability. The Grant contains two streams, with a base program for creating an uplift in property taxes, and an enhanced program, providing additional funding for meeting City sustainability and/or affordability goals. The Grant is applicable in key commercial districts, as well as Part IV heritage buildings, to support redevelopment and intensification, and are



provided over a four-year term. The program is clear, transparent, and provides a sufficient incentive for developers to pursue. Some project examples in the City of Hamilton include:

- 281 new residential units in Downtown Hamilton, at an estimated construction cost of \$173,373,000 and increase in assessment value from \$2,683,000 to approximately \$76,000,000. Annual property tax revenue was estimated to increase to \$847,037.12 annually, and subsequently a grant of \$2,117,592.80 is to be provided over four years. This project followed the base program stream, with the grant providing 100% of the municipal tax value as the grant in year one, decreasing by 25% each year over four years.
- 126 new residential units in Downtown Hamilton, at an estimated construction cost of \$40,000,000 and assessed value increase from \$986,000 to approximately \$23,356,000. Annual property tax revenue was estimated to increase to \$306,816 annually. This project utilized the enhanced project stream, and subsequently 100% of municipal taxes over four years would be provided through a grant totalling approximately \$1,227,264.
- 931 new residential units in Downtown Hamilton, with an estimated construction cost of \$331,412,768. Property tax uplift is estimated to increase the assessed value from \$4,353,000 to approximately \$223,345,000. Municipal property tax collected annually is estimated at \$2,393,745.82, for a total four-year grant under the base program of \$5,984,364.55.

The Grant is well utilized by major and minor developers in Hamilton to proceed with projects supplying large amounts of units where they are needed most. The Grant presents a win-win for the public and private sectors for advancing long-term property tax uplift while supporting the development industry in the short-term. Per Appendix "A" to Report PED24082, "since grants were first issued in 2004 [to 2023 end of year], \$16M has been granted through the Program to 55 reassessed projects that had a combined construction value of \$454,987,495 which accounts for a 1:24 ratio of public grant leveraging private investment." WE HBA strongly supports and encourages the City of Burlington adopt a similar program to advance redevelopment in priority nodes such as the Major Transit Station Areas, Intensification Corridors, and Mixed-Use Nodes as presented at the Open Houses.

Additionally, WE HBA is supportive of using the to-be-developed Housing Connections Centre to inform residents and developers of available programs, incentives, and the ability to stack multiple incentives to achieve multiple City priorities. By making it easier for residents to access funding, and increasing the amount available through multiple pathways, the City will encourage stronger uptake and maximize the success of the program in providing additional housing supply.

The overall success of the program is contingent on providing a sufficient incentive, monetary or otherwise, to make the math work and bridge the gap between a resident or developer choosing to move forward with a project or not. WE HBA appreciates that the City is engaging with a market research firm to determine incentive values and we look forward to reviewing the urbanMetrics market analysis report alongside the draft CIP program in March.

Sincerely,

Anthony Salemi
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West End Home Builders' Association