



May 27, 2026

From:
West End Home Builders' Association
1112 Rymal Road East
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To: **Audit Finance and Administration Committee,
City of Hamilton**
71 Main Street West
Hamilton, Ontario L8P 4Y5

WE HBA Letter: Development Charges Exemption for Fourth Residential Units

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 2024, residential construction contributed over \$4.6 billion in investment value and provided over 21,000 jobs paying about \$1.6 billion in wages¹. WE HBA notes that these economic indicators are in rapid decline and that the Missing Middle Institute has noted that the decline in housing starts, compared to the previous four-year average, is estimated to have reduced the number of jobs in Hamilton by 1,921².

WE HBA appreciates the opportunity to review and respond to the City of Hamilton's staff report regarding a potential Development Charges (DC) exemption for fourth residential units. We commend staff for outlining the policy considerations and implications in a balanced manner. However, we respectfully maintain our support for amending the DC By-law to exempt the fourth unit, as previously outlined in the presentation provided by our Chair in January 2026.

The report acknowledges that a DC exemption could incentivize the construction of fourth units. From our members' direct experience, we would emphasize that this is not hypothetical. The current DC structure creates a financial cliff that actively discourages four-unit development, resulting in projects defaulting to three units despite zoning permissions.

This misalignment between zoning and financial policy continues to suppress gentle density outcomes. Aligning the DC framework with as-of-right permissions remains a practical and targeted way to unlock missing middle housing.

The report suggests that exempting the fourth unit could incentivize smaller unit sizes. While this is a possibility, it is ultimately speculative and unsupported by project-level data. There is no current baseline analysis confirming whether four-unit projects produce smaller units than three-unit configurations. A proper cost and feasibility analysis would be required to substantiate this claim. Market demand, building code requirements, and financing constraints already shape unit sizes more significantly than marginal DC changes. Importantly, the impact differs significantly between new construction, where design flexibility exists, and conversions, where unit sizes are constrained by existing building footprints.

Regardless of size, exempting DCs on the fourth unit creates a livable, code-compliant housing unit that meets market demand represents a positive contribution to supply. A home where someone is willing and

¹ CHBA Economic Impacts 2024 Fact Sheet, City of Hamilton.

² Missing Middle Institute: 2025 GTA and GGH Final Housing Report Card, April 2026



able to live is a good thing regardless of size while we continue to struggle to overcome the housing crisis.

The report correctly notes that DC exemptions cannot be offset through higher DCs elsewhere and may shift costs to property tax and ratepayers. However, this must be viewed over a longer-term fiscal horizon. While there may be modest upfront impacts (estimated at approximately \$40,000 per applicable development), these costs are offset over time through increased property tax revenue generated by the additional unit, more efficient use of existing infrastructure, and broader economic activity associated with incremental intensification. In practical terms, the long-term fiscal impacts are substantially offset through increased assessment growth, property tax revenue, infrastructure efficiency, and associated economic activity.

The report raises concerns that amendments to the DC By-law may introduce policy uncertainty. From an industry perspective, this concern is overstated in this context. Our members do not view targeted amendments that improve housing viability as destabilizing. On the contrary, adjustments that align financial policy with planning objectives enhance clarity. Where amendments are clearly tied to enabling housing, they are viewed as responsive and constructive not disruptive.

The rapid growth of WEHBA's Missing Middle and Infill Subcommittee is direct evidence of an appetite for this form of housing. There is an interest to build four-unit projects and removing financial barriers will help translate that interest into built form.

Even if the exemption does not dramatically transform housing supply on its own, it should be evaluated as part of a broader toolkit. At its core, this is a low-cost, low-risk policy adjustment that aligns existing regulations, removes an artificial barrier and supports incremental increases in housing supply. Every additional unit contributes to addressing housing need. A fourth unit that is built where it otherwise would not have been is a meaningful outcome. Even if the exemption applies to a relatively narrow subset of projects, removing barriers for projects that are currently financially discouraged remains worthwhile and aligned with Council's housing objectives.

Eliminating Development Charges on the fourth residential unit remains a pragmatic and targeted policy change. It aligns financial policy with zoning permissions, supports gentle density, and enables housing that is already permitted but currently discouraged.

From our members' experience and market observations, the barrier is real, the demand is present, and the opportunity is immediate. WEHBA continues to strongly support this amendment and encourages Council to proceed with implementing a DC exemption for fourth residential units. We thank you for considering our perspective and remain your steadfast partners in addressing Hamilton's housing supply challenges.

Sincerely,

Mike Collins-Williams, MCIP, RPP
Chief Executive Officer
West End Home Builders' Association