



Financial Policies for Development

in the City of Hamilton

Introduction

The City of Hamilton's Financial Policies for Development is a Council approved document consisting of policies for cost sharing and cost recovery between land developers and the City for construction of municipal infrastructure (e.g. roads, sewers, watermain etc.) under development applications.

Cost Sharing by the City Over-sizing of Services

Land developers are required to pay the full cost of all local infrastructure installed under development agreements; however, the City contributes to the cost of over-sized infrastructure. The City defines over-sized infrastructure as infrastructure that will benefit lands beyond the lands in which they are constructed. In the case of over-sized infrastructure (e.g. a watermain), the developer is required to pay the cost of the local component and the City only pays the component of the cost identified as over-sized. The City's contribution is based on a flat rate system for over-sizing of sanitary sewers, storm sewers and manholes, watermains and valve chambers, as well as extra width and extra depth of materials for roadways.

For plans of subdivisions, payment by the City towards the construction of over-sized infrastructure is made after registration of the subdivision plan has occurred and following both certification by the developer's consulting engineer that the works have been completed and acceptance by the City.

City Lands

Where municipal infrastructure is to be constructed by a land developer on land abutting future City owned land (e.g. a new park in a plan of subdivision), the City shall pay the portion of the infrastructure cost abutting the land that qualifies for cost sharing under the City's policy. Such lands include those:

- conveyed to the City to satisfy park land dedication requirements;
- for water / wastewater outstations; and
- storm ponds where the location is determined by the City.



Capital Works Projects

When a land developer is required to construct municipal infrastructure within an existing road allowance in order to service a proposed development - which would normally be constructed by the City as part of its capital improvement program - the City's contribution towards the cost of the capital works shall be determined in accordance with the City's Development Charges Background Study and approved Capital Budget.

All cost sharing by the City is subject to allocation of sufficient funding in the year in which the works are constructed.

Cost Recovery Best Efforts Provision

The City's financial policies include provisions for recovery of infrastructure costs incurred by a land developer when infrastructure is constructed that benefits the lands of others. Under the City's Best Efforts provision and subject to approval by the City, the consulting engineer for the land developer is required to identify infrastructure to be installed that benefits other lands and determine the portion of cost applicable to the benefiting lands. Once approved, the City commits to collect the proportionate share of other (subsequent) developers' at the time the initial land developer comes forward with a development application. When infrastructure is to be constructed using Best Efforts, the land developer pays the up-front cost to construct the infrastructure applicable to the benefitting lands and is only reimbursed when the adjacent land owner takes benefit in the following situations:

1. When a benefiting property owner wishes to connect to either a sewer or watermain that has outstanding servicing costs, the City shall collect the portion of the cost applicable to the subject property prior to issuance of a sewer/water permit.
2. Where land abutting existing infrastructure is to be developed and has outstanding servicing costs, the City will require payment of the outstanding costs as a condition of final approval of the development application.

Additional costs for overhead and indexing may also be included in the final calculation of the outstanding costs recovered by the City.

Payments for Future Work

As a condition of development approval, land developers may be required to pay the City for future infrastructure that will abut their land. A cash payment is collected towards the urbanization of existing rural roads where the developing land is abutting an existing rural road (e.g. road with ditches and no curb and gutter). In addition, a security deposit may also be retained for the purpose of securing the land developer's proportionate share towards the cost to construct future underground infrastructure which will be constructed by other developers which abut the developer's lands. Essentially, the City collects payment up-front from the primary developer for work that is to be completed by subsequent developer(s) at a later point in time. Once the infrastructure is constructed, the security deposit can be released following payment by the land developer of the invoiced amount.

Compensation for Dedication of Land

The City will compensate a land developer for the portion of land that has been dedicated as a condition of development approval in accordance with the Official Plan and any supporting policies.



For more information contact:

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