



Hamilton
City of Hamilton

DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE
ADDENDUM

Meeting #: 19-003
Date: March 25, 2019
Time: 9:30 a.m.
Location: Council Chambers, Hamilton City Hall
71 Main Street West

Lisa Chamberlain, Legislative Coordinator (905) 546-2424 ext. 4605

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March 21, 2019

Dear Councillor Wilson,

We are writing to you today about some changes that have been suggested in the Development Charges Stakeholder subcommittee that have recently come to our attention. Currently academic institutions enjoy 100% exemptions for academic spaces (except for the transit component) and 50% exemptions for student residences, but unfortunately, city staff have recommended academic exemptions, as well as student housing exemptions be removed. This would be challenging for Redeemer as a not-for profit, publicly chartered but privately funded institution, and severely hinder our ability to grow our campus in the near future.

Taking away the exemption in development charges will put Hamilton post-secondary institutions at a competitive disadvantage. Other universities across the provinces have remained exempt from all municipal development charges, including the University of Guelph, York University, University of Windsor, Ryerson University, Brock University, University of Toronto, and University of Ottawa. Without this exemption, our funding will not stretch as far, and our facilities will not be able to compete with other Ontario universities, leaving Hamilton to fall behind in this important sector of post-secondary education and research.

Earlier this year, officials from the University of Guelph made the case to Council that they should continue to be fully exempt in the interest of providing equal treatment with Conestoga College which has a small campus in Guelph, and would continue to be exempt from DCs as a Crown agent. As a result, the University of Guelph continues to be exempt from all development charges. Hamilton is in a similar situation, as both Mohawk and Brock would be exempt, while Redeemer and McMaster would have to pay full development charges. This then becomes an equity issue for our local post-secondary institutions.

With a recent 42% cut to Redeemer's tuition, we anticipate doubling enrolment in the next 5 years, which would require new student residences and academic space in the near future. This would be a large burden to an institution that relies heavily on donations for any new development as a not-for-profit university.

For all of the reasons listed above, we ask that you keep the exemption in place for post-secondary institutions. Both McMaster and Redeemer significantly add to Hamilton's economic growth in a variety of ways, including bringing students to Hamilton from all across the globe, research endeavors, and job creation. We are confident that with this exemption in place, all post-secondary institutions in Hamilton will be able to thrive and positively impact the city of Hamilton.

Thank you for your consideration,



David Zietsma
Vice President, External Relations and Enrolment



Thomas H. Ferns
GENERAL COUNSEL and CORPORATE SECRETARY
Direct: 905 575-2189 | Email: tom.ferns@mohawkcollege.ca

February 15, 2019

City of Hamilton
71 Main Street West
Hamilton, ON L8P 4Y5

Attention: Jason Thorne
General Manager of Planning and Economic Development

Dear Mr. Thorne:

Re: Development Charges

We recently became aware that the Development Charges Stakeholders Sub-Committee will be meeting on February 19, 2019. In that regard, we would like to make the Sub-Committee and staff aware of our views on the proposed Development Charge By-law. In particular, we understand that staff has recommended to remove an exemption for colleges in the proposed Development Charge By-law, instead requiring Mohawk to produce documentation that supports our status as a Crown Agent.

Colleges that are crown agents, including Mohawk, are established as Crown Agents through legislation. Subsection 2(4) of the Ontario Colleges of Applied Arts and Technology Act, 2002 states that "a college established under subsection (1) is an agency of the Crown". In the applicable regulation, O.Reg 34/03, subsection 2(1) paragraph 17, sets out that Mohawk is "established", meaning that it is a Crown Agent.

We are happy to discuss the recommendation to remove the exemption for colleges. We believe that the removal will only result in increased legal fees and transaction costs for Mohawk, but does not provide the City with any real benefit since Mohawk College is clearly entitled to an exemption. In the spirit of a cooperative and collaborative relationship between Mohawk and the City, we would request that we have a meeting to discuss the issue so we can understand the goal that the City is trying to accomplish through removing this exemption.

Yours truly,

THE MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

A handwritten signature in blue ink, appearing to read "T. Ferns", written over a white background.

Thomas H. Ferns
General Counsel and Corporate Secretary



President and
Vice-Chancellor

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1280 Main Street West
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L8S 4L8

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March 25, 2019

To: DEVELOPMENT CHARGES STAKEHOLDERS SUB-COMMITTEE
C/O: Lisa Chamberlain, Legislative Coordinator
SUBJECT: Development Charges (DC) – Academic Exemptions

McMaster has been a partner with the City and the people of Hamilton since it moved to the city in 1929. Since then, the University has built its teaching and research strengths. Hamilton is now one of only four Canadian cities with a university ranked in the top 100 in the world. As it has built its international prestige, McMaster has also developed its commitment to community engagement and to strengthening its role in Hamilton's development and success.

We were disappointed to discover recently that the City of Hamilton was considering a change to the status quo as it relates to development charge (DC) exemptions for academic institutions. We have now met with City staff on two occasions to describe the very real and serious potential impacts on McMaster's, and therefore Hamilton's, development and growth. We continue to work with City staff in an effort to find solutions and have appreciated their willingness to listen to our concerns, as we have to theirs.

As indicated in the Development Charges Background Study, postsecondary institutions are not a statutory exemption set out by the Development Charges Act, nor are we a designated crown agent. Hamilton has a long history of treating its higher education institutions in an equitable manner.

We are asking that this Committee ensure that all post-secondary institutions in Hamilton be treated equally.

The proposed changes will disproportionately and materially impact McMaster. Under the proposed changes Mohawk College will continue to be fully exempt, as will Brock University. This disparate treatment contradicts precedents established by other Ontario municipalities that consistently enforce equal exemption from, or application of, development charges among universities and colleges. Recognizing that universities and colleges have similar funding frameworks and core missions, we ask that McMaster University be treated similarly to Mohawk College, and that both maintain their current exemptions.

If the development charge plan moves forward as the DC Background Study recommends, we have significant concerns about our ability to remain competitive in provincial and federal capital competitions. Of the U6 research-intensive Ontario universities, all but one currently receives at least some form of exemption from DCs and many of our regional competitor universities also receive these exemptions. The City of Guelph recently underwent a similar discussion and it was the will of their Council to maintain the academic exemption in order to ensure that all postsecondary institutions received equitable treatment, and that their University was not disadvantaged. If McMaster is not able to compete on an equal basis, Hamilton will lose funding opportunities to other municipalities.

McMaster has a number of building projects planned. Any change in development charge exemptions would require each project to be reassessed. This in turn will impact academic decisions and overall costs and may put several of our funded projects in jeopardy. In our view, several of these projects will contribute directly to the economic future of the City.

Hamilton's development and the University's success are intertwined. When many organizations were moving away from the downtown area, we were the first, and until recently the only, major public institution that responded to the City's call to help revitalize the downtown core. The University has made community engagement with our city a core component of its vision. McMaster is also a magnet that attracts business to our region, incubates new companies and creates jobs. These benefits accrue to Hamilton and we are proud to be able to drive such significant investment to our city. A 2018 KPMG report showed that McMaster's annual GDP impact to the City of Hamilton was almost \$3.9 billion.

We urge the Committee to consider the consequences that will result from the proposed changes and instead ensure a level playing field, both within our city limits and beyond, with our competitors in other jurisdictions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patrick Deane".

Patrick Deane
President and Vice-Chancellor



2019 DEVELOPMENT CHARGES – BACKGROUND STUDY SUMMARY

Development Charges Stakeholders Sub-Committee
March 25, 2019

- Process Summary
- Schedule
- DC Background Study Components
- DC Background Study Summary
- DC Comparison
- DC Exemption Summary
- Public Consultation
- Next Steps

Process Summary

- Presentations and Direction to/from DC Stakeholders Sub-Committee
 - March 1, 2018, June 14, 2018, September 13, 2018, January 28, 2019, February 19, 2019
- DC Background Study Released
 - March 13th, 2019
- Consultation Meetings
 - Downtown Hamilton CIPA developers - November 5, 2018
 - McMaster University - March 7, 2019
 - Agriculture & Rural Affairs Advisory Committee - March 18, 2019

2019 DC Background Study including draft 2019 DC by-law available to public	<u>Released March 13, 2019</u>
Public Meeting ad placed in newspaper(s)	Hamilton Community News - March 21 & 28, 2019 Hamilton Spectator - March 22 & 29, 2019 <i>At least 20 days prior to the public meeting</i>
Public Meeting	April 18, 2019 to be held at Audit, Finance and Administration Committee, 9:30 am and 7:00 pm <i>at least two weeks after proposed background study and by-law are available to the public</i>
Council considers passage of by-law	AF&A – May 16, 2019 or June 6, 2019 Council – May 22, 2019 or June 12, 2019 (Date dependent on outcome of the Public Meeting) <i>No less than 60 days after the background study is made available to the public</i>
Newspaper and written notice given of by-law passage	<i>By 20 days after passage</i>
Last day for by-law appeal	<i>40 days after passage</i>
City makes available pamphlet (where by-law not appealed)	<i>By 60 days after passage</i>

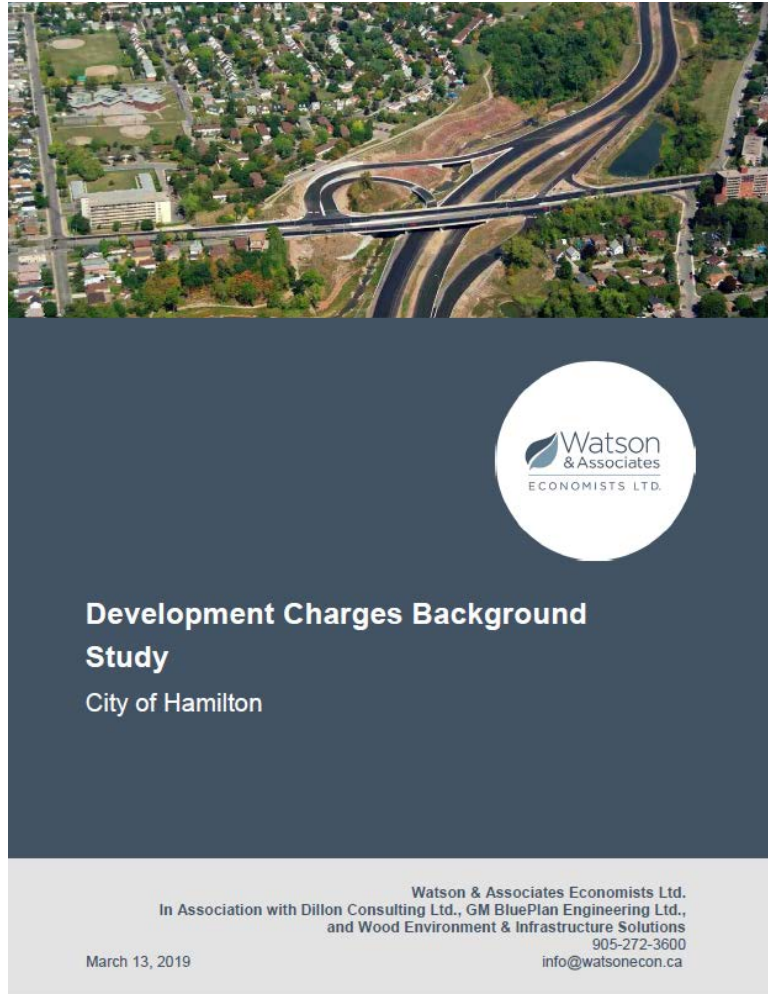
DC Background Study Components

**Development
Charges Background
Study (Quantum
piece)**

**DC Exemption
Review**

**D.C. Background
Study and D.C.
By-law (Policy)**

DC Background Study Components



- Current City of Hamilton Policy
- Anticipated development in the City of Hamilton
- Development Charge calculation and eligible cost analysis by service
- DC Policy recommendations and proposed DC By-law
- Local Service Policy (direct developer cost)
- Project Maps for Water, Wastewater, Stormwater and Services related to a Highway

Summary – Capital Spend

Total gross expenditures planned over the next five years	\$ 2,847,062,175
Less:	
Benefit to existing development	\$ 945,088,387
Post planning period benefit	\$ 134,995,099
Ineligible	\$ 31,192,195
Mandatory 10% deduction for certain services	\$ 21,666,486
Grants, subsidies and other contributions	\$ 450,827,196
Net Costs to be recovered from development charges	\$ 1,263,292,812

Summary – Development Charges

	2019\$ D.C.-Eligible Cost		2019\$ D.C.-Eligible Cost	
	Residential	Non-Residential	SDU	per ft ²
	\$	\$	\$	\$
Urban-wide Services 13 Year (Within Combined Sewer System)	470,252,587	265,193,808	18,178	6.84
Urban-wide Services 13 Year (Within Separated Sewer System)	802,101,927	335,143,330	27,216	9.13
City-Wide Services 13 Year	403,086,503	349,590,851	12,539	8.95
City-wide Services 10 Year	320,939,505	64,005,834	12,806	2.22
TOTAL COMBINED SEWER SYSTEM	\$1,194,278,596	\$678,790,492	\$43,523	\$18.01
TOTAL SEPARATED SEWER SYSTEM	\$1,526,127,935	\$748,740,015	\$52,561	\$20.29

Summary – Residential DCs

	RESIDENTIAL				
	Single-Detached Dwelling & Semi-Detached Dwelling (per dwelling unit)	Townhouses & Other Multiple Unit Dwellings (per dwelling unit)	Apartments 2-Bedrooms+ (per dwelling unit)	Apartments Bachelor & 1-Bedroom (per dwelling unit)	Residential Facility (per bedroom)
2019 Calculated Rate - Combined Sewer System	43,523	31,152	25,487	17,436	14,057
2019 Calculated Rate - Separated Sewer System	52,561	37,620	30,780	21,056	16,977
Existing Rate	38,318	27,695	23,396	16,277	12,431
Increase - Combined Sewer System	5,205	3,457	2,091	1,159	1,626
Increase - Separated Sewer System	14,243	9,925	7,384	4,779	4,546

Summary – Non-Residential DCs

	NON-RESIDENTIAL	INDUSTRIAL
	(per sq.ft. of Gross Floor Area)	39% reduction from calculated rate
2019 Calculated Rate - Combined Sewer System	18.02	10.99
2019 Calculated Rate - Separated Sewer System	20.30	12.39
Existing Rate	20.54	12.53
Decrease - Combined Sewer System	(2.52)	(1.54)
Decrease - Separated Sewer System	(0.24)	(0.14)

Service	Hamilton (Draft Calculated) - Separated Sewer Sytem	Oakville (Including Region of Halton)	Milton (Including Region of Halton)	Burlington (Including Region of Halton)*	Halton Hills (Including Region of Halton)	Lincoln (Including Region of Niagara)	Grimsby (Including Region of Niagara)	Niagara-on-the-Lake (Including Region of Niagara)	City of Waterloo (Including Region of Waterloo)	Kitchener (Including Region of Waterloo)*	Cambridge (Including Region of Waterloo)*	Brantford*	City of Guelph
Services Related to a Highway (includes Fleet & Facilities)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Police	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fire	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Transit	✓	✓	✓	✓	✓				✓	✓	✓	✓	✓
Parks & Recreation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cemeteries									✓	✓			
Library	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Administrative Studies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paramedics	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Long Term Care	✓					✓	✓	✓					
Health Services	✓					✓	✓	✓					✓
Social & Child Services	✓												
Social Housing	✓	✓	✓	✓	✓	✓	✓	✓					
Airport	✓								✓	✓	✓		
Parking	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓
P.O.A.	✓					✓	✓	✓					✓
Waste Diversion	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Wastewater	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Water	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stormwater	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Total (Services Hamilton does not collect for removed)	52,561	71,030	55,998	45,486	52,393	39,444	39,444	27,051	38,511	34,215	34,029	22,239	35,098
Total (Services Hamilton does not collect for removed) - Less Stormwater	39,575	71,030	55,998	44,927	52,211	37,866	37,866	25,833	37,235	34,058	33,136	21,877	34,873
Hamilton's D.C. Charge if Collecting Like Services to Each Municipality		38,975	38,975	38,485	38,975	37,224	37,224	36,734	38,746	38,746	38,257	37,670	37,711

*By-law to expire in 2019

Note: Region of Waterloo's By-law is currently under review

DC Exemptions – Statutory

- industrial building additions of up to and including 50% of the existing gross floor area (defined in O.Reg. 82/98, s.1) of the building; for industrial building additions which exceed 50% of the existing gross floor area, only the portion of the addition in excess of 50% is subject to D.C.s (s.4(3)) of the D.C.A.;
- buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education (s.3); and
- residential development that results only in the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units (based on prescribed limits set out in s.2 of O.Reg. 82/98).

DC Exemptions – Non-Statutory

Full Exemptions

- A building, or part thereof, used for parking but excluding a building or part thereof used for commercial parking
- An agricultural use
- A place of worship
- A laneway house
- A temporary building or structure

DC Exemptions – Non-Statutory

Partial Exemptions

- Class A Office development within the Downtown C.I.P.A. shall be 70% exempted from D.C.s otherwise payable
- All development other than Class A office development within Downtown Hamilton C.I.P.A. will be subject to reductions based on the following amounts dependent on the date applicable D.C.s are payable

Date	Percentage of exemption (%)	Percentage of development charge payable (%)
July 6, 2019 to July 5, 2020	60	40
July 6, 2020 to July 5, 2021	50	50
July 6, 2021 to July 5, 2022	40	60
July 6, 2022 to July 5, 2023	40	60
July 6, 2023 to July 6, 2024	40	60

DC Exemptions – Non-Statutory

Partial Exemptions

- Non-industrial development within a C.I.P.A. or B.I.A. will be partially exempt from D.C.s as follows:
 - Fifty percent (50%) reduction on the first 5,000 sq.ft.
 - Seventy-five percent (75%) on development between 5,001 – 10,000 sq.ft.
 - One hundred percent (100%) on the amount of development exceeding 10,000 sq.ft.;
- A student residence developed by a university, college of applied arts and technology or other accredited post-secondary institution is exempt from 50% of the applicable D.C. This partial reduction will only be applicable until June 30, 2020;

DC Exemptions – Non-Statutory Partial Exemptions

- Redevelopment of an existing residential development for the purpose of creating more residential facilities within the existing building envelope is exempt from 50% of the D.C. otherwise payable; and
- Adaptive Reuse of buildings on Protected Heritage Properties is exempted from D.C.s for sections of the building that contain protected heritage attributes or features.

Public Consultation

Public Meeting - April 18, 2019 commencing at 9:30 am and 7 pm.

Interested persons may express their comments at the Public Meeting or in writing, addressed to:

**Angela McRae, Legislative Coordinator, Audit, Finance &
Administration Committee
City Clerk's Office
71 Main Street West, 1st Floor
Hamilton, Ontario, L8P 4Y5**

Public Consultation

Enquiries with respect to the information contained within the 2019 Development Charges (DC) Background Study can be forwarded to

DCBackgroundStudy@hamilton.ca



Hamilton

THANK YOU