

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 black ink, appearing to read 'P. Deane', written in a cursive style.

Patrick Deane
President and Vice-Chancellor