



April 16, 2019

**Audit, Finance and Administration Committee
City of Hamilton
Hamilton City Hall
71 Main Street West
Hamilton, ON
L8P 4Y5**

To the members of the committee,

On behalf of McMaster University's 24,000 full-time undergraduate students, the McMaster Students Union (MSU) is writing to raise our concern about the City of Hamilton's consideration of adding developmental charges to McMaster's projects, from which it is currently largely exempt. This decision has the potential to dramatically impact students and student spaces and will ultimately prove detrimental to necessary expansion.

As you are likely aware, the provincial government has made dramatic changes to the post-secondary sector, including a significant reduction in student financial aid, a transformation in student fee collection, and a reduction in university funding by virtue of a tuition decrease, with no base funding offset from the province. This creates additional financial pressures on the sector that must be taken into consideration as you debate the addition of developmental charges to McMaster projects.

While the university obtains revenue from industry partnerships, research grants, and donations these are often tied to specific deliverables. Operational capital is generated through tuition dollars, or through monies derived from provincial tax dollars, provided to the university as an operating grant. The University will be forced to pay these additional development charges through existing tuition dollars, or through its operating funding. As a result, even fewer financial resources will be available to students to support student spaces and academic excellence on our campus.

McMaster faces a deferred maintenance budget in the area of tens of millions of dollars. In addition, the University is currently well above its estimated capacity. Space creation is an omnipresent need. The capital for space renovations and improvements are already very



difficult to secure. Adding additional City taxation in the form of developmental charges to these types of projects will further hinder the ability to modify and grow with advancements in pedagogy and technology.

When McMaster does need to develop, the additional costs of a project resulting from new developmental charges would likely divert investments that would have benefited the student body in areas such as academic support or counselling services. It is also likely that international student tuition will skyrocket, given that the provincial government did not regulate tuition exclusively for that demographic. Moreover, McMaster students contribute tens of millions of dollars to the Hamilton economy via housing, food and tertiary services alone. In addition, undergraduate students represent the largest ridership demographic of the HSR, contributing in excess of \$5 million to City operations, representing approximately 13% of total HSR revenue. In short, students are heavy financial contributors to Hamilton and should not suffer the loss of spaces or services as the result of developmental charges.

These development charges could directly impact the student-led Student Activity and Fitness Expansion (SAFE) project. In 2018, students voted to self-fund a new building project, in order to invest in spaces for peer support services, the student-run campus food bank, a lower-cost grocery vendor, multi-faith prayer spaces, a community kitchen, small scale event spaces, and expanded athletic/exercise facilities. Following negotiation with the institution, students approved (via referendum) a fiscally sound plan that could now face serious financial questions, should the City decide to implement developmental charges after the fact.

Development charges are unfair to an institution which pursues building projects that do not have commercial enterprise as their purpose. As the impact of the increased cost will be at the expenses of students and student services, we strongly encourage City Council to not pursue these changes.

Sincerely,

Ikram Farah
MSU President

Stephanie Bertolo
Vice President (Education)

Scott Robinson
Vice President (Finance)

Kristina Epifano
Vice President (Administration)