## EXECUTIVE SUMMARY

At the September 2019 Housing Action Plan Working Group (HAPWG) meeting, UBC Administration was directed to report back on how to accelerate faculty-staff housing delivery under the Housing Action Plan in the next ten years.

This report provides the analysis on the options and impact of accelerating faculty-staff housing delivery. Feedback/discussion is welcomed from the HAPWG to inform the scale of options under continuing exploration for this item.

## BACKGROUND

### Policy Context

Multiple Board-approved plans and UBC operational responsibilities intersect in delivering HAP commitments.

- **Land Use Plan and Neighbourhood Plans** overseen by Campus & Community Planning set the physical location, density limits, design and character limits and context within which all community development, including but not limited to HAP inventory, must fit.

- **The Housing Action Plan** (stewarded by Human Resources and Provost Office) is a strategic resource commitment rather than a physical plan. It defines how much capacity (%) within the larger planned public neighbourhoods or academic lands will be reserved for different types of restricted access housing programs to support recruiting and retention objectives. Examples of these restricted access programs are faculty-staff rental housing targets, rent-geared-to-income targets, home ownership support program targets (including capital projects or FHA/E loans), and student housing targets.
The UBC Housing Action Plan was introduced in 2012 with endorsement and support of both the UBC Board of Governors and UBC Properties Trust Board of Directors and with acknowledgement of foregone market profits for the target percentage. The required 5-year Review was concluded in 2017/18 refining and reaffirming the continued relevance and need for the workforce housing targets and the student targets. Implementation is now underway, with annual progress reports required, and another comprehensive 5-year review scheduled for 2023.

**Responsible Operational Departments**

Implementation of the HAP targets is complex and requires a wide array of expertise. Different UBC departments have intersecting implementation roles as the HAP restricted access inventory is expanded on-campus.

- Implementation of the agreed upon amount of restricted access units defined in the HAP, as a subset within the larger public and market inventory, all within the density and design constraints of the Neighbourhood and Land Use Plans, is entrusted to UBC Properties Trust to work out and progressively deliver.

- Treasury is relied upon to assess financial cost implications to the University of any incremental changes to the HAP beyond those already approved, manages the Endowment where the proceeds of UBC Neighbourhood development are deposited, and oversees management and reporting on the FHAFE endowment and loan programs, the rental dividends and Rent-Geared-to-Income subsidies.

- Student Housing & Hospitality Services (SHHS) oversees delivery of the student housing plan commitments.

- Campus and Community Planning creates policies and leads the process to develop Neighbourhood Plans and the Land Use Plan and, as the regulator of development on campus and responsible authority for issuing permits, reviews development applications to ensure compliance with UBC policies.

- HRS administers access to restricted access programs, and interfaces with Village Gate Homes on the waitlist management. HRS also provides recruiting and retention informed feedback (as user/client) on unit size mix and design preferences in the new capital project design review process. HRS also tracks progress on receipt of new HAP-related inventory for HR and Provost purposes, and prepares annual HAP target progress reports to the UBC Board of Governors.

**SEPTEMBER 2019 HAPWG REQUESTS**

At the September 2019 Housing Action Plan Working Group (HAPWG) meeting, the UBC Administration was directed to report back on the incremental investment strategy for accelerating delivery of HAP Faculty-Staff Rental

Attachment 1 describes a spectrum of measures under exploration to meet the long-term 20% HAP faculty-staff rental target, and to accelerate delivery of faculty-staff rental beyond that 20% target over the next 10 years.

In addition to approving the Stadium Neighbourhood Plan concept, measures being analyzed include adaptation/reconfiguration of some of the remaining undeveloped leasehold sites in Wesbrook, consideration of the viability of developing faculty staff rental in concrete or converting existing market rental projects, exploring off-campus opportunities, and a broader exploration of faculty-staff housing sites through the upcoming Land Use Plan update. Additional work is underway to develop the costs and timing of these options. Early HAPWG feedback is requested on the range of these options in preparation for a February report back.
UBCPT has been involved in the content of this report and attachment in the preparation and analysis of options to accelerate delivery of rental housing. The Board of UBC Properties Investments will be specifically considering the accelerated program for Wesbrook Place sites described in Option 1 and Option 2 at its meeting on November 20th. UBCPT Management will provide a verbal update to the HAP WG at its Nov 25 meeting.

Attachments

1. Accelerating Faculty Staff Housing
ATTACHMENT ONE
ACCELERATING FACULTY/STAFF HOUSING

Housing Action Plan Working Group

NOVEMBER 25, 2019
OVERVIEW

1. Policy and Planning Context

2. Acceleration Options
   • Short-term (2-4 Years)
   • Medium-term (3-6 Years)
   • Long-term (5+ Years)

3. Next Steps
POLICY AND PLANNING CONTEXT

CONTEXT: Growing affordability pressures, low regional rental vacancy, 2700+ faculty-staff waitlist

HOUSING ACTION PLAN (HAP) Recruiting/Retention Tool:

Rental Policies

• Up to **20%** for Faculty-staff (with Discounted Rents ~25% below market)
• Up to **10%** for other rental (Includes market-price University/public rental)
• Above targets approved Sept 2012, subject to demand, and 5 year reviews*.
  (Allows flexibility to adapt to changing context)
• Policies approved in context of associated deferred/foregone higher profits for those percentages (forecast modeled by Treasury and UBC Properties Trust, 2012)
• Applicable to post-2012 growth only, averaged across all Neighbourhoods
POLICY AND PLANNING CONTEXT (CONT'D)

UBC Land Use Regulatory Policies

LAND USE PLAN
• Defines Neighbourhoods / land use designations, sets density and height limits, minimum amenity requirements (parks, schools etc).

NEIGHBOURHOOD PLANS
• Detailed layout, massing, character and site definition for Neighbourhoods; necessary amenities and services; all in compliance with the Land Use Plan.
• Neighbourhood plans are required before any development can take place.

STADIUM NEIGHBOURHOOD PLAN
• Planning completed
• 33% of units required to meet overall HAP faculty-staff rental commitments (TBC)
• Musqueam engagement underway to confirm future plans
FINANCIAL CONSIDERATIONS

- Six-storey wood-frame provides highest affordability
- Faculty-staff rental has higher equity requirements
- Concrete construction has even higher costs and equity requirements
- UBC receives minimal rental dividends from faculty-staff rental
- Foregone endowment revenue when lease sites converted to faculty-staff rental
  - Going beyond 20% (as per HAP targets) requires foregoing anticipated revenues
  - Considerations include:
    - Academic Renewal funding
    - Liquidity available for new faculty/staff rental
    - Student Housing Financing Endowment funding to continue to build additional student housing
    - UBC operating budget impacts (funds available to support other strategic initiatives)

Note: Detailed, supporting calculations are available in a handout.
ACCELERATION OPTIONS

Getting to 20%

Option 1
Reconfigure Wesbrook BCR7/9

Option 2
Reconfigure Wesbrook BCR5/6

Option 3
Faculty-Staff Concrete Rental

Option 4
Stadium Neighbourhood Plan

Land Use Plan Update
New sites

Acceleration* (Cost/Process/Timing)

Option 5
Convert Existing Market Rental Units

Option 6
Off-Campus Units

Option 7
Acquire On-Campus Units

Complexity

TBD

Shorter Term
(2-4 years)

Medium Term
(3-6 years)

Longer Term
(5+ years)

Complexity (Cost/Process/Timing)

Getting to 20%

Acceleration*

22%

24%

27%

28%

TBD

10-year faculty-staff housing as % of post-2012 units
SHORTER-TERM (2-4 YEARS)
GETTING TO 20%

OPTION 1: RECONFIGURE WESBROOK SITES BCR7/9

• Convert BCR 7/9 sites
• Two 14-storey lease towers+townhomes → One 14-storey market rental + three 6-storey faculty-staff rental
• 250 to 275 new woodframe faculty-staff rental units

Considerations:
• No density or max height change
• BOG approval needed for plan amendment to change site layout
• Foregone leasehold revenue
• Could be completed by 2023/24
ACCELERATION
OPTION 2: RECONFIGURE WESBROOK SITES BCR5/6

• Convert BCR 5/6 sites
• Two 18-storey lease towers+townhomes → One 18-storey market rental + three 6-storey faculty-staff rental + townhomes
• 225 to 275 new faculty-staff non-market rental units

Considerations:
• No density or max height change
• BOG approval may be needed for plan amendment to change layout
• Foregone leasehold revenue
• Could be completed by 2024/25
ACCELERATION
OPTION 3: FACULTY-STAFF CONCRETE RENTAL

- 10% more expensive to build concrete vs 6-storey woodframe
- Either UBC provides PT more equity or PT retains more rental dividend
- Combined with Option 2 Wesbrook site conversions

Considerations:
- BOG approval for plan amendment to change site layout
- Could be funded by retaining one lease site from Option 1/2
- Could be completed by 2024
MEDIUM-TERM
(3-6 YEARS)
ACCELERATION
OPTION 4: STADIUM NEIGHBOURHOOD PLAN

Already underway

- Current Plan Concept:
  - Up to 1.55M sq ft
  - 2/3 UBC Community Housing (1/3 faculty-staff rental)
- 1/3 leasehold required for servicing, provide rental project equity
- Foregone leasehold revenue
- Plan to be finalized subject to:
  - Musqueam engagement
  - HAPWG support
  - BOG approval
  - Land Use Plan amendment
ACCELERATION OPTION 5: CONVERT EXISTING MARKET RENTAL UNITS

- 507 market rental units in 6 buildings
- As mortgages repaid, opportunities to convert to faculty-staff
- Key opportunities: Greenwood Commons, Vista Point

Considerations

- Impact on PT ability to leverage rental buildings for future equity needs
- Financial institutions’ response to changing PT rental portfolio
- Suite design may not be as attractive to faculty-staff (smaller units, fewer bedrooms)
- Reduced rental dividend for UBC’s operating budget
- Longer timeline to transition current tenants

\[ (0.6\text{M}) \text{ annual dividend} \]

\[ +0 \text{ to } 150 \text{ UNITS} \]

\[ \text{More complex PROCESS} \]

\[ 27\% \text{ (5-year)} \]

\[ 28\% \text{ (10-year)} \]
LONGER-TERM
(5+ YEARS)
ACCELERATION OPTION 6: OFF-CAMPUS UNITS

• In addition to on-campus HAP commitments

• Explore:
  • Off-site PT-led development
  • Swapping off-campus units with developers as part of leasehold sales

Considerations

• Foregone leasehold revenue from swapping units
• Desirability of off-campus units
• Land costs, complexity of off-campus development
• May limit ability to use leasehold swaps for faculty home ownership options
• Longer time-frame given complexity
ACCELERATION
OPTION 7: ACQUIRE ON-CAMPUS UNITS

• In addition to on-campus HAP commitments
• Explore purchasing on-campus units as they become available (eg Hampton Place)

Considerations
• Financing source
• Community engagement
• Ability to provide affordable units
• Future redevelopment potential
• Longer time-frame given complexity
LAND USE PLAN UPDATE

• Explore new faculty-staff housing opportunities to expand on-campus supply
• Consider acceleration of Acadia (currently anticipated at 10+ years)
• Opportunity for new wood-frame sites, joint leasehold/rental sites, etc

Considerations

• No development can take place before: Land Use Plan amendment (2-3 years) and Neighbourhood Plan process (18+ months)
• Widespread community engagement
• Musqueam engagement
• Longer time-frame given complexity
SUMMARY

Getting to 20%

- Converting Wesbrook lots BCR 7/9
- Approving Stadium Neighbourhood to help meet demand

Acceleration Options

- Remaining Short/Medium term options could accelerate to 27% in 5 years
- Financial tradeoffs: foregone lease revenue (implications for student housing, Academic Renewal), reduced PT rental distribution
- HAPWG direction requested
- Longer term options: further work required to understand opportunities
NEXT STEPS

• Pursue Option 1 (Wesbrook Place BCR 7/9)
  • Confirm urban design, Wesbrook Plan amendment process, financial analysis, timing, tradeoffs
  • UBCPT Board of Directors: November 2019
  • Return to Board of Governors for approvals in 2020, as necessary
• HAPWG direction for Option 2 (Wesbrook BCR 5/6), Option 3 (concrete rental)
• Finalize Option 4 (Stadium Neighbourhood Plan)
• Longer-term: explore Options 5-7 (convert rental, off-site, acquisition)
  • Financial, development opportunities, partnerships, equity needs, etc