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<b>SUBJECT</b>	<b>HOUSING ACTION PLAN ANNUAL REPORT 2019</b>
<b>SUBMITTED TO</b>	Property Committee
<b>MEETING DATE</b>	April 7, 2020
<b>SESSION CLASSIFICATION</b>	OPEN
<b>ACTION REQUESTED</b>	No decision requested: for information
<b>SUBMISSION DATE</b>	March 20, 2020
<b>LEAD EXECUTIVE</b>	Vice-President Human Resources
<b>PRESENTED BY</b>	Siobhan Murphy, Director, Housing & Relocation Services
<b>SUPPORTED BY</b>	Andrew Szeri, Provost and Vice-President Academic Peter Smailes, Vice-President Finance & Operations Eric Eich, Vice-Provost and Associate Vice-President Academic Affairs Marcia Buchholz, Interim Vice-President Human Resources Robin Ciceri, Vice-President External Relations Ainsley Carry, Vice-President Students Aubrey Kelly, President and CEO, UBC Properties Trust

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#### PRIOR SUBMISSIONS

The subject matter of this submission has been considered previously by the Board of Governors on the following occasions:

1. [November 25<sup>th</sup>, 2019](#) (OPEN SESSION)  
Action/Follow up:
  - **November 2019** Housing Action Plan Working Group (HAPWG) meeting: After presenting a range of options, UBC Administration was directed to pursue the reconfiguration of some of the remaining undeveloped leasehold sites in Wesbrook Place Neighbourhood to enable the timely delivery of up to 500 below market rate faculty-staff rental housing units to meet the 20% HAP minimum target in the next 10 years.
  - **September 2019** HAPWG meeting: UBC Administration directed to report back on the incremental investment strategy for accelerating delivery of HAP Faculty-Staff Rental.
2. [February 7, 2019](#) (OPEN SESSION)  
Action/Follow up: For information. Provided HAP progress update for 2018. - completed.
3. [April 19, 2018](#) (OPEN SESSION)  
Action/Follow up: Approval of the updated and consolidated HAP core policy text amendments (revised Attachment A, not including Policies 9, 11, 12) reflecting adjustments supported during the course of the HAP Five-Year Review. Direction to the Administration to further explore policies 9, 11, 12 and report back in April 2018, including implications and opportunities for introducing “University Rental” policy commitments in the HAP as described in the AMS submission January 30, 2018  
Update on PIRL Program and Rent-Geared-to-Income Program - completed.
4. [February 15, 2018](#) (OPEN SESSION)  
Action/Follow up: Further Explore Policies 9, 11 and 12 and report back in April 2018, including implications and opportunities for introducing “University Rental” policy commitments - completed.

The following Executive Summary assumes familiarity with the prior submissions and provides a status update from the date of the most recent submission.

## EXECUTIVE SUMMARY

*UBC's Housing Action Plan* (HAP) is a 30-year strategy that sets out the University's long-range strategic housing support ambitions to facilitate improved housing choice and affordability for faculty, staff, and students, for recruitment and retention purposes.

Achievement of the HAP policies is a multi-year undertaking with delivery support required from multiple operational departments and UBC Properties Trust. Significant progress has been made since the approval of the HAP by the UBC Board in 2012, in progressively expanding inventory and rolling out new programs consistent with HAP policies.

Failure to implement these policies successfully has the potential to impact the University with respect to the *UBC Strategic Plan*, particularly Strategy 1 which endeavors to attract, engage and retain Great People - a diverse global community of outstanding students, faculty and staff.

HAP Policy 17 requires annual monitoring reports to the UBC Board of Governors on implementation progress.

This information report summarizes annual implementation milestones for the year 2019:

- The completion and occupancy of a new upper year graduate, apartment-style, residence called Exchange Residence in the Gage South area (651 beds) by Student Housing and Community Services (SHCS), formerly Student Housing & Hospitality Services (SHHS), including 71 low cost 140 sq. ft. Nano units. Opened on time and on budget. Early indication is the nano units are well received by the first cohort of residents and the entire complex is performing well.
- Continued work on two other student housing projects underway intended to add another 1600 beds by 2022, bringing the total bed count to almost 14,000. Specifically, Pacific Residence is now under construction and will add 940 upper year suite style beds in phases between summer 2021 and spring 2022. Brock Commons Phase 2 is aiming for Board 3 in April or June 2020 adding 606 upper year suite style beds in phases between summer 2022 and spring 2023. . Additionally, 220 beds will open on the UBC Okanagan campus in each of summer 2020 and 2021 bringing the total UBCO bed count to 2,126.
- HAP Policy 4 target of housing 20% of faculty and staff remained at 18% for 2019, as no new buildings were completed in that calendar year. Two faculty-staff projects are under construction in Wesbrook Place with completion scheduled for summer 2020.
- In November 2019, the Housing Action Plan Working Group (HAPWG) directed UBC Administration to explore reconfiguration of some of the remaining undeveloped sites in Wesbrook Place to increase wood-frame construction capacity on Lots BCR 5/6/7/9 to facilitate the construction of 500 units of faculty staff housing in the next ten years. This is a response to the continued demand for more faculty-staff restricted rental housing on campus. As a result of this work, UBC Administration was directed to develop an amendment to the Wesbrook Neighbourhood Plan. The consultation portion of this process was completed in February 2020 and the proposed amendment is presented to this Board meeting under separate cover. The proposed amendment will enable the 20% target to be met and exceeded to approximately 22% in ten years. The amendment would:
  - Not change planned population, density, buildable floor space and public open space
  - Replace 3-storey stand-alone townhouses and 2 towers with 4- and 6-storey buildings
  - Support up to 500 faculty-staff rental units
  - Support stacked townhouses integrated into the ground floors of 4- and 6-storey buildings
  - Increase street massing from 5- to 6-storeys to support more efficient building design

- Continued implementation of the third year of the Prescribed Interest Rate Loan (PIRL) Program. In addition to the 22 loans approved in 2018/2019 (January 1-March 30, 2019), 45 faculty members and senior staff members were supported with Prescribed Interest Rate Loans (PIRLs) between April 1 2019 and December 31 2019.
- Continued implementation of pilot Rent-Geared-to-Income program: 40 households currently housed and 16 waiting for available units, with rent capped at 30% of their household income (Policy 5).

Next steps and implementation focus for 2020 will be:

- Continued work on the two student housing projects underway. Total additional beds from these two projects will be 1,546 bringing the total UBCV bed count to almost 14,000.
- Continued operation of the faculty PIRL ownership support program. Within the program, an exploration to respond to a change in financial institutions' approach to PIRL loans.
- Continued research and exploration of other faculty ownership support programs.
- Continued exploration of faculty home-ownership models.
- Continued roll-out and fostering of the final year of the pilot Rent-Geared-To-Income program.
- Continued effort in identifying and protecting future sites to support reaching and sustaining the 20% target of HAP Policy 4.
- Scheduled completion of 155 new faculty staff units on Lots 4 and 11 for 2020 occupancy in Wesbrook Place, 135 rental units and 20 rental townhouses respectively, with an additional 110 units scheduled for completion in early 2022.
- Submission to Board of proposed amendment to Wesbrook Place Neighborhood Plan to accelerate delivery of faculty-staff units to meet and exceed HAP 20% faculty-staff rental housing target.
- Continued exploration of financing options to potentially open up some of the higher density concrete construction sites for delivery of faculty-staff rental programs.
- Expected launch of UBC's Campus Vision 2050, an updated Land Use Plan including faculty-staff housing opportunities.
- Completion of the C+CP Faculty-Staff rental Design Guidelines that respond to employee and recruiter feedback on the range of unit mix, type, amenities desired for UBCs evolving demographic.
- Exploration/ research on partnership opportunities and recruiting appeal of supplementary off-campus faculty-staff rental housing at other locations in the Lower Mainland, subject to financial viability.

## RISK

While the University cannot realistically provide enough funding to solve the challenges of the competitive real estate market in Metro Vancouver, the HAP programs make progress in helping address the recruitment and retention challenges, and provide faculty, staff and students with welcome support to work and live on or closer to campus.

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## SUPPLEMENTAL MATERIALS

1. Appendix A HAP Detailed Policy Update

The following sections provide additional context for the HAP 2019 Update. It includes the following sections:

**[Section 1: Board of Governors Oversight of Housing Action Plan \(HAP\) Development and Implementation](#)**

**[Section 2: Housing Action Plan Principles](#)**

**[Section 3: Housing Action Plan Policy Excerpt List](#)**

**[Section 4: HAP 2019 Implementation Update](#)**

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***Section 1: Board of Governors Oversight of Housing Action Plan (HAP) Development and Implementation***

A Board committee called the Community Planning Task Group (CPTG) provided oversight for development of the original HAP in 2011/12. Membership of the CPTG included student, faculty and staff representatives as well as the UBC Board of Governors representative from the UBC Properties Trust (UBCPT) Board. The Task Group was further supported by in-house university financial, legal, and planning expertise at the senior executive level, and by senior staff from UBCPT. This membership and breadth of expertise was intended to ensure that the resulting plan was technically and financially viable for the different operational units that would be implementing it in the coming years. The process also included extensive consultation with the campus community. The original CPTG was wound up after adoption of the HAP.

The HAP was formally approved within a year, in September 2012 (it was also endorsed by the UBCPT Board just prior to Board of Governors approval). There was a built-in requirement to report annually on progress to the Board of Governors, and to check in on continued need for the Plan policies every 5 years.

In 2016, the Board reconvened an oversight committee called the HAP Working Group to kick start the Phase 1 of the 5-year Comprehensive Review via the Faculty Housing Strategy.

In September 2018, the Board formally reconvened this oversight committee to monitor and support implementation by further considering program options for affordable housing and other faculty, staff and student housing issues, by providing feedback to the Stadium Road Neighbourhood and other related planning processes, and to develop recommendations for the consideration of the Property Planning Advising Committee (jointly with the Finance Committee) and the board of Governors.

***Section 2: Housing Action Plan Principles***

At its meeting of June 8, 2011, the Board of Governors adopted principles to guide development of the Housing Action Plan and inform the evaluation of proposed housing options. Using these principles, staff have developed the following evaluation framework which includes specific objectives linked to each principle.

- ***Principle 1 - Align future campus housing plans with the academic mission of UBC.***
  - The option helps with the recruitment/retention of faculty and staff.
  - The initiative enhances and fosters faculty and staff engagement in the campus community outside of the classroom.
  - The option supports UBC's "Living Lab" philosophy.

- ***Principle 2 - Develop a comprehensive framework for affordable and desirable housing choices for faculty, staff, and students, including target ratios for rental and lease housing while balancing returns to the Student Housing Financing Endowment and the Trek Endowment.***
  - The option supports wise use of the University's land assets to support UBC's economic sustainability ensuring a fair, balanced return to UBC's endowment.
  - The financial investment toward faculty staff and students is sufficiently enduring in that it helps more than one generation.
  - The investment is flexible in that it allows a healthy turnover for new arriving faculty, staff and students.
- ***Principle 3 - Create the basis for a sustainable year-round university community to support shops, services and transit.***
  - The option supports UBC's community development goals of creating an inclusive, diverse, complete and integrated community at UBC Vancouver.
  - The option increases opportunities for a year round population at UBC.
  - The option contributes to a housing tenure mix within buildings and within neighbourhoods.
- ***Principle 4 - Ensure that the Land Use Plan occupancy targets for households connected to the UBC campus, through study or work, are appropriate and achieved.***
  - The options help achieve Land Use Plan occupancy and tenure targets:
    - Minimum of 50% of new housing is serving households where one or more members work or attend UBC;
    - 20% of new housing is rental; and
    - 50% of new rental housing is non market.
  - Safe, attractive housing options are provided for people of all income levels assuming housing costs of not more than 30% of a single income.
- ***Principle 5 - Consider the governance implications of housing policy, as well as issues related to interfaces between the various land use designations on campus.***
  - The option ensures that faculty and staff are well represented in UTown@UBC.
  - The option contributes to a balance of UTown@UBC residents who are affiliated and non-affiliated with UBC.
- ***Principle 6 - Ensure a robust communications strategy is implemented to engage the campus community and various stakeholders in the development of the Housing Action Plan***
  - Communications and consultation plan will have multiple opportunities for engagement, both online and in-person.
  - Promotion of engagement opportunities will take place through a number of different media, including electronic (i.e. email, website, e-signage, etc.) and print (i.e. posters, advertising, etc.).

### **Section 3: Housing Action Plan Policy Excerpt List**

The University Community on Campus - UBC's Housing Action Plan Policies Extract Updated to 2018. These consolidated and updated policies comprise the latest formal Board approved commitments of the Housing Action Plan to April 19, 2018. They are extracted into one summary list here for quick reference. However, please see the full Housing Action Plan booklet for explanatory background discussion on these policies:

<http://www.hr.ubc.ca/housing-relocation/files/HAP-Consolidated-Update-April-2018-BoG.pdf>

#### **Policy 1**

*To support the university's faculty recruitment and retention priorities, UBC will introduce a new restricted home ownership option for up to 10% of all new housing units built on campus subject to sufficient demand. These units will be phased in over time with an interim target of up to 5% as we test the interest of faculty owners. Eligibility for this option will be restricted to tenured and tenure-track faculty. Re-sale values of these homes will be indexed to faculty salaries to a maximum resale price no higher than 33% below a benchmark value.*

*Other options to be counted as contributions toward this restricted faculty home ownership target:*

- *Active (outstanding) UBC Prescribed Interest Rate Loans (PIRL) advanced in support of purchase of a home on or off-campus anywhere within Metro Vancouver.*
- *Other Board-approved ownership support models for a home purchase on or off campus, as may be introduced from time to time.*

#### **Policy 2**

*To improve the ability of faculty and select staff to access the University's Down Payment Assistance program to assist with the purchase of a principal residence within Metro Vancouver, the eligibility period for the Program will be extended to 10 years.*

#### **Policy 3**

*To support the University's objective of ensuring that a significant proportion of future housing on campus will be accessible to those who work or study on campus, the University will build up to 30% of all new housing on campus as rental, subject to market demand.*

*In addition to 20% from Policy 4 below, this allows a further 10% of other forms of rental that may include market priced rental for general public or University Rental (market-priced rental with priority access for those who work or study on campus), or other rental opportunities. UBC will explore the breakdown amount of each of these other types of non-faculty staff discounted forms of rental through Neighbourhood Planning processes.*

#### **Policy 4**

*To help address housing affordability challenges of UBC's workforce, up to 20% of future housing on campus will be built as restricted rental available only to faculty and staff. Rents will reflect costs and expenses and are anticipated to be approximately 25% below average rental rates charged for unrestricted housing on Vancouver's west side.*

## **Policy 5**

*To help address the challenges of lower income employee groups in accessing housing on campus, UBC will develop a pilot project of up to 100 Rent-Geared-To-Income units with priority to staff with annual household incomes of less than BC Housing Guidelines for similar programs, as amended from time to time. This pilot project will be developed in collaboration with UBC Properties Trust and brought back to the Board of Governors for approval.*

*UBC will also develop a supplementary version of the program for Faculty as a pilot project, subject to household income thresholds and parameters approved by the Board of Governors.*

## **Policy 6**

*To provide campus housing that reflects the demographics of the University's workforce, UBC and UBCPT will encourage a wide range of unit sizes, to include smaller "starter" units, units suitable for single or 2 person households, and larger units for families.*

## **Policy 7**

*To improve opportunities for UBC faculty and staff to purchase market leasehold units on campus, the University will work with UBC Properties Trust to provide preferential, early access for faculty and staff to purchase new units before they are released for sale to the general public. This is a non-financial benefit.*

## **Policy 8**

*Tax associated with taxable benefits, if any, will be borne by the employee.*

## **Policy 9**

*To support the University's continuing transition from a commuter campus to a more complete university community, UBC will aspire to provide up to the build-out capacity for SHHS operated housing on the Academic lands as defined by UBC Vancouver Campus and Land Use plans, subject to debt capacity, financial capacity within the university, student demand and necessary combination of project characteristics such as unit mix.*

## **Policy 10**

*To better respond to the increasingly diverse housing needs and demands of students including undergraduate, graduate and students with families, UBC will continue with the Student Housing and Hospitality Services (SHHS) business plan to expand the range of unit types and sizes (studio units, 4-6 bedroom style units, and furnished and unfurnished 1, 2 and 3-bedroom units).*

## **Policy 11**

*To help address housing affordability concerns for students, the University will continue to limit rental rates based on the following pricing principles and practices:*

- covering all costs of operation including borrowing costs,*
- self-supporting, fully cost-recovery basis,*
- at or below market rental rates; relative to the local marketplace per CMHC data and peer university across Canada,*
- More price variance will be explored between older and newer inventory by implementing variable rate increases over time under existing pricing principles,*
- Maximum annual rent increase of any specific unit type will not exceed annual Consumer Price Index (CPI) plus 2%.*

## **Policy 12**

*To help address the gap between the shelter allowance portions of BC's student loan program and current rental rates at UBC, the University will continue on behalf of students to advocate for greater housing allowance in Provincial financial aid programs for lower income students on student loans.*

## **Policy 13 – REMOVED**

## **Policy 14 – REMOVED**

## **Policy 15 – REMOVED**

## **Policy 16**

*To ensure that The University Community on Campus - UBC's Housing Action Plan responds to UBC's priorities and housing needs, the plan is structured to be dynamic and remain flexible.*

## **Policy 17**

*To maintain awareness of campus housing issues and progress being made to improve housing choice and affordability for faculty, staff and students, an annual monitoring report will be provided for consideration to the Board of Governors.*

## **Policy 18**

*The University Community on Campus - UBC's Housing Action Plan policies are separate from the UBC Land Use Plan and do not have any regulatory effect. A comprehensive review of The University Community on Campus - UBC's Housing Action Plan will be undertaken every five years for review by the Board of Governors.*

## **Policy 19**

*In the event of insufficient market demand, additional units allocated to restricted home ownership or restricted rental program options under this plan may be delivered as 99-year lease units. It is anticipated that this could occur through the five-year review.*

## **Section 4: HAP 2019 Implementation Update**

### **Introduction**

Implementation of HAP policies and programs is an ongoing initiative with collaborative program and infrastructure delivery support required from many operational departments at UBC including Student Housing & Community Services, Faculty Staff Housing & Relocation Services, Financial Services, Campus & Community Planning, UBC Properties Trust and its subsidiary Village Gate Homes.

Progress highlights and implementation observations over the past year, 2019, are as follows:

### **Student Housing Support Policies**

- *Policy 3, 9: Increased Supply*
- *Policy 10: SHCS Wider size mix*
- *Policy 11: SHCS Rent controls*
- *Policy 12: SHCS Advocacy in Provincial loan programs*

All student housing policies/ targets are operational and on-pace with commitments in terms of continued expansion, access, affordability and size mix commitments. These efforts should continue going forward.



More specifically:

**Policy 9:** *To support the University’s continuing transition from a commuter campus to a more complete university community, UBC will aspire to provide up to the build-out capacity for Student Housing & Community Services (SHCS) operated housing on the Academic lands as defined by UBC Vancouver Campus and Land Use plans subject to debt capacity, financial capacity within the university, student demand and necessary combination of project characteristics such as unit mix.*

2019 Progress Update:

- Summer 2019: Completed and occupied Exchange Residence, 651 upper year, year-round beds.
- Summer 2020: No new inventory at UBC Vancouver
- Summer & Fall 2021: Planned completion of Pacific Residence, 940 upper year beds in both year-round and winter session contract formats.
- Summer 2022: Planned completion of Brock Commons Phase 2, 606 upper year, year-round beds.
- Total beds upon completion of the above 2 projects –almost 14,000
- Additionally, work is underway by SHCS, C&CP, UBCPT and the Student Housing Project Steering Committee to determine other siting and priority options for additional growth beyond 2022.

Over 4200 new SHCS-operated beds on Academic lands have been delivered since approval of the HAP in 2012. There are now 12,447 SHCS-operated student beds on campus today - the largest of any Canadian university - with capacity for up to 18,000 beds under current land use capacity estimations.

**Policy 10:** *To better respond to the increasingly diverse housing needs and demands of students including undergraduate, graduate and students with families, UBC will continue with the Student Housing and Hospitality Services (SHCS) business plan to expand the range of unit types and sizes (studio units, 4-6-bedroom style units, and furnished and unfurnished 1, 2 and 3-bedroom units).*

March, 2020: Recent additions to the SHCS inventory have ensured a wide range of unit size options for the diverse student base. Current inventory of beds includes the following wide diversity of unit types:

- For 1<sup>st</sup> year students: Traditional single and shared units and connected singles
- For upper year and Graduate students: regular and large studios, 1, 2, 3, 4- and 6-bedroom shared units. Additionally, the new Exchange Residence has 70 – 140 sq. ft. Nano studios included in its inventory, offering a small and very affordable options for students. Early feedback from residents of these nano units is positive; future developments will consider similar units.
- For student families: 2, 3- and 4-bedroom townhouse and apartment units

Programming for each new project includes an analysis the unit type that is most needed / desired to meet the needs of the marketplace.

**Policy 11:** *To help address housing affordability concerns for students, the University will continue to limit rental rates based on the following pricing principles and practices:*

- *Covering all costs of operation including borrowing costs,*
- *Self-supporting, fully cost-recovery basis,*
- *At or below market rental rates; relative to the local marketplace per CMHC data and peer university across Canada,*

- More price variance will be explored between older and newer inventory by implementing variable rate increases over time under existing pricing principles,
- Maximum annual rent increase of any specific unit type will not exceed annual Consumer Price Index (CPI) plus 2%.

2018 Update: SHCS operates within the parameters of these pricing principles. The budgeted rate increases for the 2020-21 contract term averages 2.6% with older inventory at 2.0% and newer inventory at 3.0% in order to maintain lower rents in our older units and increase rate variability between these properties. Comparison against peer institutions across Canada and against the local rental marketplace on the following page:

Figure 1 Traditional 1<sup>st</sup> year residence (2018-19):

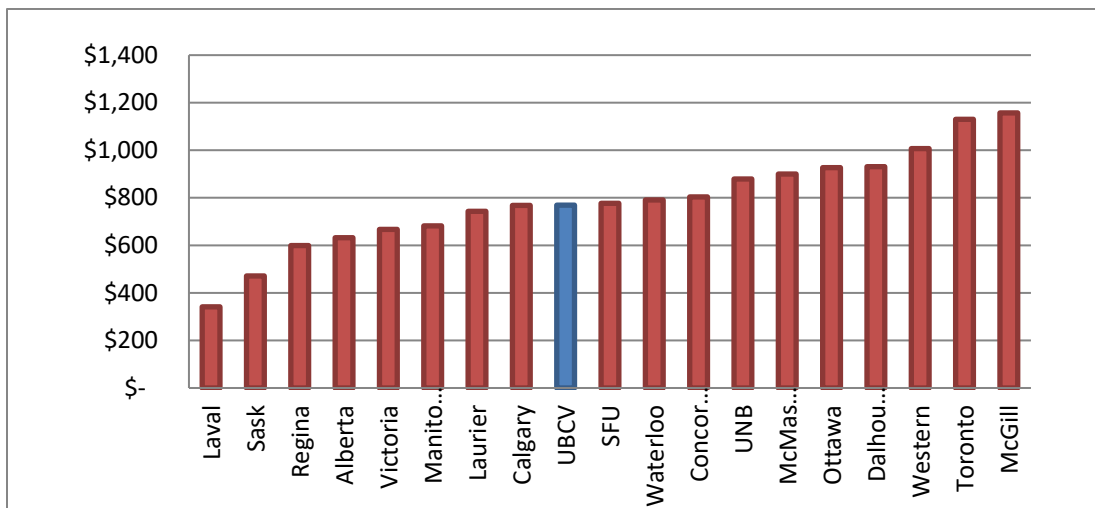


Figure 2: Suite Style Residence (2018-19):

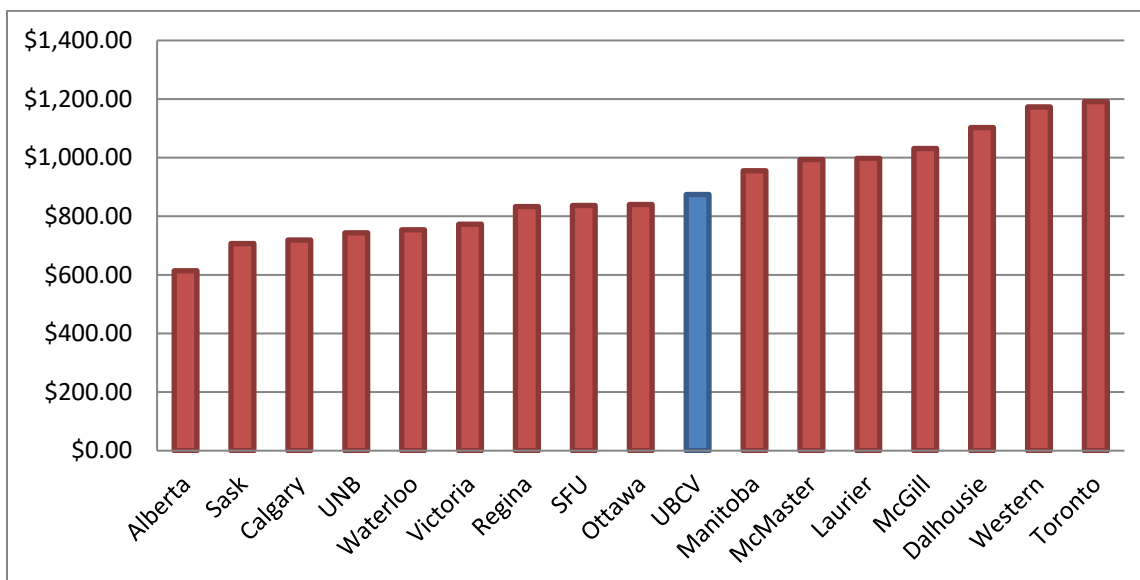
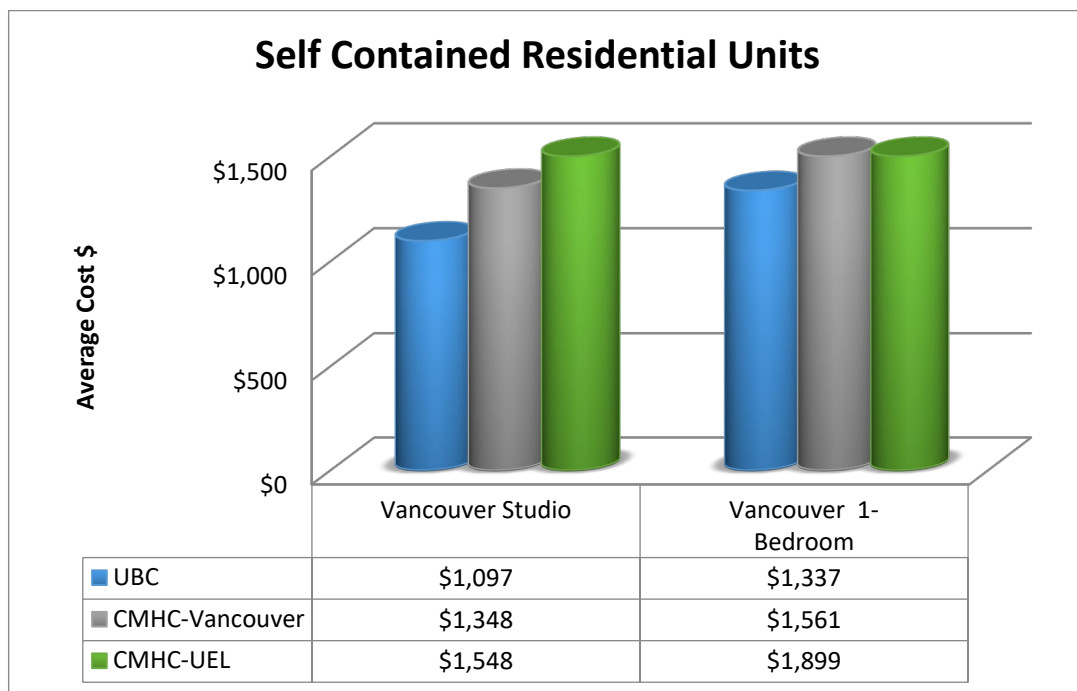


Figure 3: CMHC Data: RENT COMPARISON UBC VANCOUVER (FALL 2018):



**Policy 12:** To help address the gap between the shelter allowance portions of BC’s student loan program and current rental rates at UBC, the University will continue on behalf of students to advocate for greater housing allowance in Provincial financial aid programs for lower income students on student loans.

Update: Ongoing dialogue with the Ministry of Advanced Education, Skills and Training (AEST) is continues through the Student Housing Action Plan Working Group consisting of membership from AEST and post-secondary sector representatives from across the province. Associate Vice President of Student Housing and Community Services is co-chair of this committee. Greater access to affordable student housing is a core objective of this committee and the eventual action plan report.

**Policy 3:** Supplementary Rental Options in Neighbourhood: In addition to the 20% Faculty-Staff housing from Policy 4 in the campus Neighbourhoods, Policy 3 calls for “...a further 10% of other forms of rental that may include market priced rental for the general public or University Rental (market-priced rental for those who work or study on-campus), or other rental opportunities...”

This supplementary rental supply is separate from the Student Housing inventory and program on the Academic campus lands operated by Student Housing and Community Services (SHCS), but can also benefit students. These other rental buildings in the Neighbourhoods are open to faculty, staff, students and the general public. Some of these rental buildings, called “University Rental”, allow priority access to people affiliated with the University (including students), where availability is low. But, like all other tenants, students pay full market price in these rental buildings. These rental units are very popular and majority occupied by students.

**Rental Housing Support Policies**

- Policy 3: 10% Market-priced inventory
- Policy 4: 20% Faculty Staff Discounted inventory
- Policy 5: Pilot Rent-Geared-To-Income (110 units over 3 yrs.)
- Policy 6: Wider range unit mix

All the programs referred to in these policies are operational. The focus going forward is ensuring the volume of inventory is expanded subject to demand, and the qualitative goals are achieved on a sustained basis until campus build-out.

*1. 10% Market-priced inventory (Policy 3):*

Policy 3 calls for an overall combined target of 30% of new post-2012 construction to be delivered as rental housing. In conjunction with other policies however, this is broken down as 20% for faculty staff discounted rental, and the difference, 10%, as other (can be market-priced) rental housing.

The total of this additional market-priced rental (including “University Rental”<sup>1</sup>) remains strong at a combined percentage of 17% of all residential units in the Neighbourhoods built since 2012, which exceeds the target of 10% in HAP Policy 3.

There were no new market rental units delivered in 2019. There are currently 748 UBC Properties Trust operated market-priced rental units in the residential neighbourhoods, 461 of which have been built since 2012 (including 291 market-priced “University Rental”). A new building (Focal), opened January 2, 2020 with 98 rental units. Another new building is scheduled for completion in September 2020 (Georgia Point), with 159 units. Both of these are “University Rental”. This will total 1005 units by the end of 2020. Given 17% of post-2012 residential construction in the Neighbourhoods has been delivered as market-priced rental, the 10% target for additional rental has been met and exceeded.

*2. Faculty Staff Discounted Rental Housing (Policy 4)*

Up to 20% of all post-2012 residential development in the neighbourhoods on campus is to be reserved and operated as restricted access faculty staff rental (discounted to 25% below market), subject to ongoing demand. Under current Land Use Plan densities, that would allow by the time the full campus neighbourhoods are built out (estimate year 2041) up to approximately 1800 additional units beyond the 266 faculty-staff discounted rental units already in place prior to 2012 when the Plan was first adopted. If Land Use Plan densities increase, the number delivered as 20% could correspondingly increase over time.

Up to 110 of these units are to be delivered as a pilot Rent-Geared to Income program, whereby employees under threshold income limits, would be eligible to rent their units at 30% of their income, regardless of the regular faculty/ staff rental rate.

There were no new faculty staff buildings opened in 2019. The Faculty Staff Discounted rental portion of all post-2012 construction remained at 18% for 2019, and the total number of faculty-staff discounted rental units on-campus was 685.

A key milestone for 2019 was the HAPWG directing UBC Administration to explore reconfiguring some of the remaining undeveloped sites in Wesbrook Place to increase wood-frame construction capacity on Lots BCR 5/6/7/9 to build 500 units of faculty staff housing in the next ten years. This action responds to the continued demand for more Faculty Staff Restricted Rental housing on campus. The result was UBC Administration being directed to develop an amendment to the Wesbrook Neighbourhood Plan. The consultation portion of this process was completed February 11, 2020 and the proposed amendment is scheduled to go to April Board. The proposed amendment if approved, will enable the 20% target to be met and exceeded to approximately 22% in ten years. The amendment would:

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<sup>1</sup> Note: Market-priced rental types may include “University Rental” a term used to refer to market-priced rental with priority access to those who work or study on campus (predominantly rented by students to date).

- Not change planned population, density, buildable floor space and public open space
- Replace 3-storey stand-alone townhouses and 2 towers with 4- and 6-storey buildings
- Support up to 500 faculty-staff rental units
- Support stacked townhouses integrated into the ground floors of 4- and 6-storey buildings
- Increase street massing from 5- to 6-storeys to support more efficient building design

Next steps for 2020:

- Two projects for faculty staff are scheduled for completion in 2020. Lot 4, with 135 units, and 20 Townhomes on Lot 11 are scheduled for completion in September, 2020. There is an additional building scheduled for completion in early 2022 comprised of 110 rental units.
- UBC Properties Trust to explore cost viability of developing new satellite faculty staff rental housing partnership opportunities at various locations in the Lower Mainland, and Provost HR (through HRS) to explore faculty staff demand/ appeal for this idea in context of recruiting and retention effectiveness.

### 3. *Rent Geared to Income Program (Policy 5)*

For its most vulnerable employees in the challenging Vancouver housing market, UBC has committed to exploring a deeper rental housing affordability pilot program to supplement the currently available Faculty Staff 25% discounted program operated by Village Gate Homes. Recruitment and retention can be challenging in some of UBC's lower paid but important operational categories, including daycare, janitorial, food services or many administrative staff. This program, known as the Rent-Geared to-Income (RGI) program can offer those employees access to secure, safe and modern housing at 30% of their household income for up to 10 years, within an easy walk to work, and close to good schools, while they work at UBC. Depending on results of the pilot after initial implementation, the program may be modified or expanded at discretion of the UBC Board of Governors.

The UBC Board approved the more detailed administrative framework for launch of the program in 2017. The program was then opened to applicants in spring of 2018. The objective for the first year of the pilot has been to fill 50 of the 100 staff pilot spaces, plus up to 5 of the faculty spaces. The remainder program spaces will be phased in for 2019-2020.

The pilot Rent-Geared-to-Income (RGI) program was launched in spring of 2018. It makes use of a subset of units within the 20% Faculty Staff rental inventory built and operated by the Village Gate Homes subsidiary of UBC Properties Trust.

The RGI program calls for allocation of 110 units within the larger Faculty-Staff discounted rental inventory pool, into a deeper subsidized rent program, 100 units are allocated for the staff program, and 10 units for the faculty program. Approved participants can rent those units for a special rate capped at 30% of their household income, with the subsidy between their assessed rental rate and the normal faculty-staff rental rate, being paid by UBC.

Through this pilot program, the 100 staff program spaces will be allocated to lower income full time staff with qualifying household incomes below the \$73,500 (BC Housing Income Limits June 1, 2019). The 10 spaces are to be allocated as needed to new recruit faculty members from outside the Lower Mainland, with children, and household incomes under \$99,500. It was assumed that half of the spaces would be filled within the first year, timed to coincide with the influx of 175 new units from Pine and Cypress into the inventory. And the remainder would be gradually filled over the next year or two.

Program rules state that staff can stay in the RGI program for up to 10 years as long as they remain employed at UBC. The faculty version allows a shorter 1-2-year transitional tenure. The program is tied to the approved individuals rather than specific units. The subsidy is a taxable benefit but still a net gain to the participant.

A more measured pace of filling-up the RGI program roster has the benefit of encouraging a more staggered turnover in the years to come for future participants. But this pilot is also an opportunity for reflection on the nuances that may be leading to the slower than expected approvals rate, and whether unforeseen barriers may be preventing the program reaching and supporting the intended strategic target groups.

#### *Program Description/ Summary*

The RGI program is not a construction project with designated units. The program is instead a subsidy program attached to approved individuals, who are then assigned a preferred rate for a rental unit within the existing Village Gate Homes Faculty-Staff rental inventory. Approved program participants are therefore sprinkled throughout Village Gate Homes' buildings, which avoids stigmatization that could otherwise occur should successful applicants be housed in one area. The size of unit assigned (max 3 bedrooms) depends on their family size. The timing of unit assignment is dependent on turnover and availability. The rent subsidy cost in each unique case for the difference between 30% of the approved employee's household income and the regular Village Gate Homes rent for that unit, is paid by the University. Village Gate Homes invoices the University directly.

#### *Staff pilot:*

In total, up to 100 program spaces will be made available to staff. Approved participants may remain in the program for 10 years as long as they continue to remain eligible and comply with annual verification. The program will be filled up over 2-3 years to encourage future staggering of turnover within the program. A phased ramp-up is also important to ensure that this program demand is merged with ongoing pressure for units in the same inventory pool from incoming faculty recruits each year and from the many faculty and staff already patiently waiting on the waitlist for faculty-staff rental units. A target of 50 spaces was identified for the first year of the program. Eligible staff must have household incomes below \$73,500 (BC Housing Income Limits 2019) for a 3-bedroom unit, or \$63,000 for a 2-bedroom unit or \$51,500 for a 1-bedroom unit, less than \$100,000 in savings, and be full-time employees or term employees with a contract at least 1 year in length with no break in service.

At the time of approval, the staff program cost to the University was estimated at approximately \$1.2M per year once fully subscribed. Any unused program spaces however have no cost to the university at all because the unit that might otherwise have been allocated to the RGI participant is instead rented to a higher paying tenant at the regular faculty-staff discount rate. If demand has been underestimated, the strategic implications of expanding the program will be assessed after the pilot is complete.

#### *Faculty Pilot:*

At the request of some Deans, a small-scale pilot variation called the *Faculty Temporary Rental Support Program* was also set up for faculty, subject to demand. While it also allows the participant to pay rent at 30% of their income while in the program, it is more temporary and transitional in nature, and the income levels permitted to participants are higher. Eligible faculty members must have household incomes below \$99,500 for a 3-bedroom unit, or below \$80,000 for a 2-bedroom unit, and less than \$100,000 in savings, less student loans. They must be tenure-track, coming from outside the region, and have young children. Faculty endorsement of each applicant is required.

In total, up to 10 program spaces of this type are available. Approved participants may remain in this program for 1- 2 years as long as they continue to remain eligible and comply with annual verification. The program was intended to be filled over 2 years to encourage annual turnover of about 5 each year.

This program is intended to be temporary for faculty members, to help them with their transition into Vancouver housing by providing them subsidized rent support for 1- 2 years, given their salaries will increase over time.

At the time of approval, the faculty program cost to the University was estimated at approximately \$65,000 per year once fully subscribed.

*Application and Approval Summary to Date*

The detailed application process requires initial screening / approval by UBC followed by further asset verification checking by a third party. In this latter stage, applicants are required to share income tax information to demonstrate that they comply with the applicable household income thresholds. Full details are outlined on-line.

Staff applications are initiated by the employees themselves. The faculty applications are sponsored by the Deans and Department Heads that are recruiting them.

*Staff Program*

After 22 months of the program being live, 385 applications have been received. Program requirements were revised after Year One. This was a result of the 180 applications were received in the first year, only 46 met the base qualifications to be sent for income testing. After revising some of the definitions for what qualified as full-time work - changing 100% FT to ranging from 80% to 99% FT, as well as length of service (previously 1 year minimum full-time, now full-time employees or term employees with a contract at least 1 year in length with no break in service) more applications are being sent to be income tested. In Year Two, of the 205 applications received, 155 were sent for income testing.

*Year One Applications: April 2018- Dec 31, 2018*

Number of applications (Year 1)	180
Number of viable applicants found qualified and sent for income/ asset verification	46
Number approved	28
Number of approved applicants housed	17
Number of approved applicants waiting for units to come available	11

*Year Two Applications: January 1- Dec 31, 2019*

Number of applications (Year 2)	205
Number of viable applicants found qualified and sent for income/ asset verification	155
Number approved to date	57
Number of approved applicants housed	23
Number of approved applicants waiting for units to come available	16
Current number of applications in process	28

Total applicants housed	40
Total applicants waiting for units	16
Total withdrawing after qualifying	23
Total on hold, cycled through program	6
Total Number of applicants approved (all)	85

*Faculty Program*

Despite the faculty household income threshold being higher (maximum household income up to \$99,500 for a 3 bedroom or \$88,000 for a 2-bedroom unit), there has been one placement provided in October 1, 2019.

*Communications and RGI Program Outreach*

It is clear from applicant feedback that while thorough for accountability reasons, the application process is complicated due to the requirements for income asset and verification, and right-sizing of units. This can be a detractor or a barrier for some people and applicants continue to require extensive information support as they work through the application process.

Awareness of the program may also not be as high among the target groups as hoped, in spite of broadcast emails, digital signage and website information to date. Many of the intended groups do not have office jobs where they receive broadcast program emails and will therefore mainly learn of the program through word of mouth from colleagues or a manager.

Educational outreach will be repeated annually to catch new employees and new recruiters who may be unaware of the availability of this program. Additionally, the program is advertised on the HRS splash page on an ongoing basis.

In addition to initial notifications to all Faculties about the launch of the Faculty pilot program and links to the application portal, HRS staff provided information on the program and application requirements at the Associate Deans’ Meeting on December 10, 2018, and invited feedback to help administrative staff understand the lack of uptake for the program. Additional outreach to Deans’ offices is needed and will be undertaken in spring 2020.

*Financial rules and challenges*

Feedback indicates that even with the Rent-Geared-to-Income program, renting on campus may still be out of reach financially for some staff participants due to other upfront financial commitments of rent deposit, parking fees, pet deposit, etc. These are standard practice rental requirements but were met with disappointment by some potential applicants. The University has not yet explored whether to offer subsidy to cover any of these supplementary costs. They are currently not covered in the RGI program.

Others – particularly double income families with no children, have expressed disappointment that they earn too much for this Rent-Geared-to-Income program but too little to comfortably afford (on 30% of their household income), the Village Gate Homes standard discounted rates for faculty and staff. More analysis of this gap can be undertaken in future after this pilot RGI program is fully launched. This RGI program aims to serve the most vulnerable group first and uses the BC Housing Income Limits (HILS) that are used for similar programs.



Many applicants have also expressed disappointment that taxable benefits are assessed on the rent subsidy, bringing the effective housing cost higher than 30%. UBC cannot change the taxable benefit requirements set by the Canada Revenue Agency.

#### *Administrative Changes in 2019*

In Year One, there were two rounds of applications in March and November of 2019. Since the beginning of Year Two, the application portal has been kept open on a real time basis like the regular faculty staff inventory so that people do not need to wait for an application window to apply.

There has also been a significant amount of 1 BDR units needed for the program, and the RGI program was unable to access the new units in Pine and Cypress in their first year of operation (2018). This meant that 175 of the 685 units (26%) were not available for the RGI program. In the second year the RGI program was able to access these units. Of the 100 1 BDR units in the current portfolio of 685 units, 45 units are in Pine and Cypress, with 21 and 24 units respectively.

#### *4. Wider Range unit sizes (Policy 6):*

There was recognition and acceptance of the continued importance of this policy that calls for a range of unit sizes to meet the changing demographic of recruits requiring rental housing. Surveys have indicated that while the majority prefer 2- and 3-bedroom units, there is still important interest in the smaller and larger units beyond that. An increasing number of families with children are searching for larger rental units as they may choose to rent and/or take longer to make a home purchase. There is a considerable range of income levels also to be accommodated. The appeal of living on-campus is considerable, allowing people to eliminate their commute and improve their quality of life.

Recent faculty-staff discounted rental projects have explored more 4-bedroom units (6 were added with Cypress House in 2018) The completion of Lot 4 in Wesbrook Place will include 10 additional 4 BDR units. Lot 4 will also include more smaller units, adding 15 studio and 36 1 BDR or 1 BDR + den (9 and 27 respectively). There are currently 26 4-bedroom units and 128 one BDR and 12 studio units in the Faculty Staff inventory, which are all occupied.

Efforts to increase the range of unit sizes referred to in Policy 6 to support the UBC strategic target demographic for recruitment and retention are also starting to make a difference. The increased availability of 1, 3- and 4-bedroom units have been very popular. The focus going forward remains on ensuring the volume of inventory is expanded to target levels (subject to ongoing demand), and qualitative goals continue to receive attention as campus build out unfolds.

#### *Next steps for 2020:*

- Completion of the C+CP Faculty Staff rental Design Guidelines that respond to employee and recruiter feedback on the range of unit mix, type, amenities desired for UBCs evolving demographic.

#### ***Home Ownership Policies***

- *Policy 1: Faculty Home Ownership*
- *Policy 2: Down Payment Assistance*

### 1. 10% Faculty Ownership Support (Policy 1):

The HAP policy states that up to 10% of all post-2012 residential development on campus is to be developed as an affordable home ownership program (33% below market) for faculty if a model that meets University requirements and legal concerns can be determined.

Other options to be counted as contribution to this objective include a comparable number of Prescribed Interest Rate Loan (PIRL) approvals to facilitate home ownership for that number of people through market purchases on or off-campus. Other models may also be introduced over time.

Under current Land Use Plan densities, this approach could deliver up to approximately 900 units or loan supported purchases by faculty, by the time the campus is fully built out (estimated year 2040), subject to ongoing Board support.

The Prescribed Interest Rate Loan program matured into its third year of operation in 2019 and provides loans for faculty members to help purchase a principal and only residence in Metro Vancouver.

- Interest rates for the faculty member are set at Canada Revenue Agency rates (currently 2%) so the loan is not considered a taxable benefit.
- The hiring faculty and the Provost office split the remaining interest carrying cost of the loan.
- No principal payments are required by the faculty member during the 15 years the loan is outstanding.
- After 15 years or on departure from the university (or upon sale of the home), the full loan must be repaid.

The PIRL program loans are funded from the Faculty Housing Assistance Financing Endowment (FHAFE), a sub fund of the Student Housing Financing Endowment (SHFE). \$15M is currently allocated annually from SHFE to FHAFE as approved by the BoG.

In addition to the 22 PIRL loans approved in fiscal year 2018/2019, the Provost office approved 45 additional faculty members and high-ranking staff members between April 1 and December 31 2019 for PIRLs to support their pursuit of home ownership. Sixteen of these loans have been for recruiting applications, and twenty-nine lesser loans have been for retention applications. This brings the PIRL approvals total to 95, so far, since the program began in spring 2017.

The distribution rules for the program were amended in January, 2019 and revised the limit of PIRL approval for existing (retention) applications from the previous 25%, to 40% of the \$15M fund.

One new development of some concern in January, 2020 is that the bank previously willing to consider the secured PIRL loan as additional down payment (equity), is no longer doing so. Applications slowed dramatically in January 2020 in response to this situation. While the low interest rates and option of no principal payments for 15 years will remain appealing to many faculty, the PIRL debt would be generally subtracted from what a bank would otherwise lend, meaning the PIRL replaces rather than supplements bank loans of comparable size.

The university is discussing alternatives with the bank to assist participants that rely upon the PIRL to be treated as equity when apply for a mortgage.

Discussions are also ongoing with the Province to amend the REDMA (*Real Estate Development Marketing Act*) regulations to allow for other home ownership model options to be explored by UBC/UBCPT on campus as another means of meaningful and appealing ownership support for faculty. The administration will provide further updates to the Board on this evolving situation at the next Board meeting.

2. *Down Payment Assistance Program: (Policy 2)*

For the fiscal year 2018/19 Treasury approved and issued 34 additional Down Payment Assistance loans (total loan amount \$1,585,000), allowing those faculty families to move into home ownership. The Down Payment assistance loans (\$50,000 for faculty hired after and \$45,000 for faculty members hired before July 1, 2017 respectively) are forgiven progressively over 5 years, allowing a more gradual spread of the taxable benefit implications.