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| SUBJECT | Brock Commons Phase 2 Mixed-Use Housing Development (South Building) Board 3 UBC Vancouver |
| SUBMITTED TO | Property Committee |
| MEETING DATE | June 8, 2021 |
| SESSION CLASSIFICATION | Recommended session criteria from Board Meetings Policy: OPEN |
| REQUEST | <p>Action requested - Approval</p> <p>IT IS HEREBY RESOLVED that the Property Committee recommends that the Board of Governors grant BOARD 3 approval for the Brock Commons Phase 2 Mixed-Use Housing Development South Building as follows:</p> <ul style="list-style-type: none">i. approval of final capital and operating budgets;ii. approval of final funding sources and financing of up to \$104.6 million at 5.75% annual interest with an amortization of 30 years, repaid by SHCS and UBC Central;iii. authorization to proceed to award construction contracts; and,iv. approval of final funding release of \$107,298,000. |
| LEAD EXECUTIVE | Peter Smailes, Vice-President Finance & Operations |
| SUPPORTED BY | Ainsley Carry, Vice-President Students Andrew Szeri, Provost and Vice-President Academic, Vancouver Gage Averill, Dean, Faculty of Arts Pam Ratner, Vice-Provost and Associate Vice-President Faculty Planning Andrew Parr, Associate Vice-President, Student Housing & Community Services John Metras, Associate Vice-President Facilities Jennifer Sanguinetti, Managing Director, Infrastructure Development Michael White, Associate Vice-President, Campus & Community Planning Yale Loh, Treasurer Aubrey Kelly, President & CEO, UBC Properties Trust |

PRIOR SUBMISSIONS

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

1. [June 16, 2020](#) (OPEN SESSION) – Interim funding release of \$955,000 to complete design and in-progress swing space preparation work for the Brock commons Phase 2 Mixed Use Housing Development Project, in advance of putting the project on temporary hold.
2. [September 24, 2019](#) (OPEN SESSION) – Board 2 approval with funding release of \$2,700,000.
Action/Follow up: Issue a development permit, complete working drawings and tender documents, relocate electrical and life safety infrastructure from Brock Annex to Brock Hall and Buchanan Tower, award construction contracts.
3. [September 27, 2018](#) (OPEN SESSION) – Board 1 approval with funding release of \$1,000,000.
Action/Follow up: Commence schematic design.

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

In accordance with the [Capital Projects Policy](#), this Board 3 approval request for Brock Commons Phase 2 Mixed Use Housing Development South Building is provided as part of the project management process for construction projects over \$5,000,000. The Board of Governors has delegated to the Property Committee the authority to make decisions on its behalf for construction projects between \$5 million and \$20 million. The aggregate estimated value of Brock Commons Phase 2 Mixed Use Housing Development South Building is \$111,953,000.

The Brock Commons Phase 2 project is a mixed-use student housing and academic development that has been designed as two stand-alone buildings to be constructed on either side of Walter Gage Road, immediately adjacent to East Mall. When completely built-out, it will house 595 student housing beds with associated support spaces and a number of academic and administrative spaces. The project was put on hold in June 2020 while the university's financial position was evaluated in the wake of the global pandemic. The Administration has more confidence in the university's financial situation at this time, but continues to recommend a cautious approach.

Both the academic and student support functions to be located in the development are critically important. The primary occupancies of the South Building are Faculty of Arts, including Arts Academic Advising and other academic functions (including some in support of the President's Academic Excellence Initiative (PAEI)), and several functions within the Vice-President, Students portfolio including the Centre for Accessibility, the Sexual Violence Prevention and Response Office, the Equity and Inclusion Office, a multi-purpose/multi-faith space (including ablution facilities), the Accommodated Exam Centre, two daycare centres and a food service outlet. The South Building also includes a tower that will accommodate 280 student housing beds. Further delays to the delivery of this building will make it challenging to accommodate the PAEI for the Faculty of Arts and represent a reputational risk with respect to the delivery of critical student services and supports and will result in longer student housing waitlists in future. The primary occupancies of the North Building include Student Housing, the Peter A Allard School of Law experiential learning clinics, and two commuter student collegia. These functions are also critical, but development of this building could be temporarily delayed while the outlook for COVID-19 and its impact on near-term university finances is further assessed. It is important to note that demand for student housing continues to be very high, well in excess of supply, hence continued growth of self-funded student housing projects remains a priority for UBC.

The Administration recommends proceeding with Board 3 Approval for the South Building only at this time. The recently tendered budget for the stand-alone South Building is \$112 million. The team has maintained a restrained approach to building design in the interest of controlling the project budget, focusing design energy on performance and a few key high impact design moves, and will continue to search for opportunities for cost savings.

The current estimated cost to develop the two buildings together as originally envisioned would be \$160.7 million, which is \$4.3 million higher than the Board 2 approved budget due to escalation associated with the delay to date as well as some additional program refinements. The total budget to develop the two buildings separately would be an additional \$6.3 million; however, UBC Properties Trust advises that if the North Building project receives approval to proceed by April 2022, it is highly likely that the majority of the cost efficiencies associated with constructing both buildings as a single project can be realized; however, the longer the wait, the greater the risk of escalation.

| Project Scope | Board 2 (September 2019) | June 2021 budget | Board 3 South Bldg (June 2021) | Future North Bldg (TBD; ideally before April 2022) | Total |
|--|-----------------------------|---------------------|--------------------------------------|--|---------------|
| Both buildings – single project (as of September 2019) | \$156,404,000 | | | | \$156,404,000 |
| Both buildings – single project (as of June 2021) | | \$160,700,000 | | | \$160,700,000 |
| Separate projects (as of June 2021) | | | \$111,953,000 | \$55,000,000 | \$166,953,000 |

The Detailed Capital and Operating Budgets and the project funding sources have been revised to reflect the updated area and budget for the South Building only (*Refer to Appendix 4 - South Building Detailed Capital and Operating Budgets and Appendix 5 - South Building Detailed Funding Sources, Financing, and Student Housing Pro Forma*).

Funding & Financing

Funding for the South Building is expected to come from Student Housing & Community Services (SHCS), Faculty of Arts (FoA), and Central Budget:

| Funding Source Summary | |
|---|-----------------------|
| Student Housing & Community Services (SHCS) - Student housing, food services, child care | \$ 68,180,000 |
| Faculty of Arts (FOA) | \$ 7,394,000 |
| Central Budget (sponsored by VPS, VPA, Opinion Lab, General teaching spaces) | \$ 36,379,000 |
| Total | \$ 111,953,000 |

UBC will pursue a loan opportunity from the Provincial government for a large portion of the \$68.2 million funding required from SHCS for the Brock Commons South Building. Based on Appendix 5, an assumption has been made that the Provincial government will fund the \$46.4 million of the South Building costs for SHCS, which relate to the direct cost portion of the student residences, and excludes the cost of the Brock Annex replacement.

Based on current forecasts, the University is expected to have sufficient liquidity to fund this project. As the project commences, liquidity required to fund construction is estimated to be \$4.6 million in 2021, \$9.6 million in 2022, \$71.1 million in 2023 and \$28.6 million in 2024. At project completion, a loan of \$46.4 million is assumed to be provided by the Provincial government with internal loans of \$21.7 million to SHCS and \$36.4 million to Central. The Faculty of Arts has sufficient reserves in its operating budget and will not require an internal loan to finance its contribution. Both the Provincial and internal loans assume a term of 30 years with interest rates of 3.5% and 5.75%, respectively. The annual principal and interest payments of all the loans are shown in the table below. In addition to the funding noted above, SHCS will pursue Provincial Child Care funding of up to \$2 million for the two daycare centres located in the South Building.

| Scenario 1 - \$46m Province of BC Loan | | | | | | | | |
|---|---------|---------|----------|----------|---------|---------|---------|---------|
| Liquidity Impact (In \$000s) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | ...2053 |
| Construction Costs ¹ | (4,647) | (9,568) | (71,104) | (28,634) | | | | |
| <u>Loan Principal & Interest Payments</u> | | | | | | | | |
| Province of BC Loan - SHCS (3.5%) | | | | (621) | (2,485) | (2,485) | (2,485) | (2,485) |
| Internal Loan - SHCS (5.75%) | | | | (375) | (1,499) | (1,499) | (1,499) | (1,499) |
| Internal Loan - Central Loan (5.75%) | | | | (487) | (1,947) | (1,947) | (1,947) | (1,947) |
| Total | | | | (1,483) | (5,931) | (5,931) | (5,931) | (5,931) |

¹ Total construction costs gross of \$2m expected to be received from IIC Public Realm Hub

Although the current assumption is that \$46.4 million of SHCS's funding will come in the form of a Provincial loan, the University will work with the Provincial government to try to increase the loan size to include 1) Brock Annex replacement (\$12.8 million) and 2) childcare & food services (\$9.0 million in aggregate). UBC will also pursue child care capital grant applications for the two child care centres. Two tables have been added in Appendix 5 showing what annual principal and debt repayment would be under these scenarios. In the event that the University does not receive a Provincial loan from the government, SHCS is expected to fund the full \$68.2 million through an internal loan.

Sustainability

The project is on track for achieving sustainability targets defined by Campus & Community Planning.

| | Metric | Baseline* | UBC Target | Proposed Brock 2 Design |
|---------------|---|-----------|------------|-------------------------|
| Energy use | TEUI (KWH/m ² /yr) | 161 | 130/140 | 114 |
| GHG emissions | GHGI(kgCO ₂ /m ² /yr) | 13.6 | NA | 2.23 |

* LEED Gold project (assumed to have 6 optimized energy points and 1 Building Life-Cycle Impact Reduction point)

TEUI is Total Energy Use Intensity and is a measure of the total amount of energy a building uses over the course of a year, per unit of building area. The metric considers all energy used in a building, including plug loads (e.g. lighting, appliances) and process loads (e.g. elevators, mechanical systems, fans). TEUI is measured and expressed in kWh/m²/year. Sample building design strategies for achieving TEUI targets: • Consider occupant and unit density • Optimize fenestration • Increase airtightness • Recover heat during ventilation • Separate heating and cooling from ventilation. **GHGI** is Greenhouse Gas Intensity and is a measure of the emissions intensity of a building's emissions, measured and expressed in tonnes or kilograms of carbon dioxide equivalent per unit area over the course of a year (kg CO₂/m²/year).

Embodied carbon reduction targets were not specified for this project and the proposed project's performance is not available at this time, however this information will be provided with the Board 4 report. For future projects this information will be prepared for the Board 3 report.

Lessons Learned

Lessons learned from completed capital projects are collected by operational stakeholders and communicated via Board 4 Stakeholder Meetings, the Better Buildings Committee, and updates to the UBC Technical Guidelines. The Brock Commons project team has been mindful of operational issues that can result from mechanical and electrical systems design and selection, and has held focused meetings with building operators to help guide design and mitigate these concerns. Lessons learned on student residence capital projects are passed on via a living standards/guidelines document that is jointly developed by UBC Properties Trust (UBCPT) and SHCS.

APPENDICES

1. Site Plan
2. South Building Program
3. South Building Schedule
4. South Building Detailed Capital and Operating Budgets
5. South Building Detailed Funding Sources, Financing, and Student Housing Pro Forma
6. Brock Commons Phase 2 Academic Need Statement

PRESENTATIONS

1. Brock Commons Phase 2 Mixed Use Housing Development South Building – Board 3 Approval

SUPPLEMENTAL MATERIALS (optional reading for Governors)

1. Images of Final Design



Appendix 2 – South Building Program

| PROGRAM COMPONENT | AREA (Net Square Metres) | AREA (Net Square Feet) |
|--|--------------------------|------------------------|
| Student Housing and Community Services (SHCS) | | |
| Student Housing & Support | | |
| Student residences | 6,120 | 65,876 |
| Shared residence support | 122 | 1,313 |
| Building support (residential) | 94 | 1,006 |
| Common / General Use (SHCS Serviced) | | |
| Childcare | 395 | 4,252 |
| Food Service | 297 | 3,197 |
| Subtotal | 7,028 | 75,644 |
| VP Academic (VPA) | | |
| Classrooms & Executive Meeting rm | 698 | 7,513 |
| Graduation / general meeting Space | 269 | 2,890 |
| Emeritus College | 120 | 1,292 |
| FOA Opinion Lab/ DAE Call Centre | 95 | 1,023 |
| Subtotal | 1,182 | 12,718 |
| VP Students (VPS) | | |
| Event Room | 122 | 1,313 |
| Accommodated Exams Centre | 374 | 4,026 |
| Multipurpose (Multifaith) space | 155 | 1,668 |
| Office of the VP Students | 470 | 5,059 |
| Student Development & Services | 366 | 3,940 |
| Centre for Accessibility | 331 | 3,563 |
| Sexual Violence Prevention & response Office | 209 | 2,250 |
| Equity & Inclusion | 355 | 3,821 |
| Subtotal | 2,382 | 25,640 |
| Faculty of Arts (FOA) | | |
| Arts Academic Advising | 540 | 5,813 |
| Arts Coop | 294 | 3,165 |
| Arts Administration Suite | 301 | 3,240 |
| CEDaR Indigenization Lab | 70 | 753 |
| Subtotal | 1,205 | 12,971 |
| Shared Academic Meeting Rooms | | |
| Meeting Rooms | 88 | 947 |
| Subtotal | 88 | 947 |
| Building Support (Shared all users) | | |
| Lobby | 397 | 4,273 |
| End of Trip Facility & Bike Storage | 113 | 1,219 |
| Custodial Services | 92 | 990 |
| Bldg Service Spaces | 555 | 5,974 |
| Subtotal | 1,157 | 12,457 |
| TOTAL NET AREA | 13,041 | 140,376 |
| Building Gross-Up Factor | 1.423 | 1.423 |
| TOTAL SOUTH BUILDING GROSS AREA | 18,552 | 199,694 |

Appendix 3 – South Building Schedule

| Milestone | Revised Target Date |
|--|----------------------------|
| Executive 1 | Dec 2017 |
| Executive 2 | Mar 2018 |
| PPAC/SABNC | Jul 2018 |
| Executive 3 | Aug 2018 |
| Board 1 | Sep 2018 |
| Board 2 | Sep 2019 |
| Board Update – Project on hold due to COVID-19 uncertainty | Jun 2020 |
| Board 3 – South Building | Jun 2021 |
| Demolition Start – Brock Annex | July 2021 |
| Construction Start – South Building | Nov 2021 |
| Construction Completion – South Building | Dec 2023 |
| Occupancy – South Building | Jan 2024 |
| Board 4 | Feb 2026 |

Appendix 4 – South Building Detailed Capital and Operating Costs**Detailed Capital Budget**

UBC Properties Trust has provided the following project cost estimate for the Brock Commons Phase 2 Mixed Use Housing Development South building. This is a Class A estimate with an accuracy of +/-5-10%.

| Project Capital Cost Breakdown | Cost |
|--|----------------------|
| Construction Costs | |
| SHHS | 37,386,000 |
| Institutional | 37,758,000 |
| GC Premium | 1,300,000 |
| Swing Space ¹ | 750,000 |
| Art Work Removal + Reinstallation | 900,000 |
| Public Realm | 3,000,000 |
| Site Servicing | 1,500,000 |
| Brock Annex Demo / Brock Hall Changes | 850,000 |
| Legacy: Buchanan Backup Generator | 450,000 |
| Legacy: Loading Bay Closure | 150,000 |
| Contingency | 3,362,000 |
| Total Construction | 87,406,000 |
| Cash Allowances | |
| SHHS FF+E ⁴ | 1,253,000 |
| Institutional FF+E | 1,619,000 |
| Municipal Services | 250,000 |
| UBC IT | 925,000 |
| Secure Access/Signage | 345,000 |
| SHHS AV | 7,000 |
| Academic AV | 1,275,000 |
| Total Cash Allowances | 5,674,000 |
| Soft Costs | |
| Consultants | 9,479,000 |
| IIC's | 742,000 |
| DCC's (new charges) | 751,000 |
| Preconstruction/Permits | 1,049,000 |
| Total Soft Costs | 12,032,000 |
| Building Subtotal | 105,112,000 |
| Project Management | 2,628,000 |
| Building Total | 107,740,000 |
| GST | 1,799,000 |
| Construction Period Financing ² | 3,319,000 |
| IIC Public Realm Hub Contribution | (2,000,000) |
| Retained Risk | 1,095,000 |
| BROCK COMMONS TOTAL PROJECT | \$111,953,000 |
| <i>Gross Building Area (Square Feet)</i> | <i>199,694</i> |
| <i>Cost per Square Foot (\$/SF)</i> | <i>561</i> |

¹ Swing Space requirements largely finalized.

² Financing to be confirmed by UBC Central Finance

Operations and Maintenance Costs

Based on the current design, the approximate annual operating and lifecycle costs for the South Building will be as follows:

| | | Fac of Arts | VPA/VPS ¹ | SHCS ² | TOTAL |
|---|----------------|-------------------|----------------------|-------------------|---------------------|
| Total Gross Area (sf) | \$/gsf | 23,685 | 62,866 | 113,142 | 199,694 |
| Brock Annex Demolition (gsf) | | 10,102 | | | |
| OPERATIONS AND MAINTENANCE COSTS³ | | | | | |
| Annual Operations + Maintenance | \$ 6.37 | \$ 150,873 | \$ 400,459 | \$ 720,718 | |
| Utilities | \$ 2.23 | \$ 52,818 | \$ 140,192 | \$ 252,308 | |
| Total O+M Cost | \$ 8.60 | \$ 203,691 | \$ 540,651 | \$ 973,025 | \$ 1,717,367 |
| Less: Brock Demolition Credit ⁴ | \$ 5.67 | (\$57,278) | | | |
| Net O+M Cost | | \$ 146,412 | \$ 540,651 | \$ 973,025 | \$ 1,660,089 |
| LIFECYCLE CAPITAL COSTS⁵ | | | | | |
| Cyclical Maintenance | \$ 3.51 | \$ 83,134 | \$ 220,661 | \$ 397,130 | |
| Modernization / Upgrade | \$ 0.93 | \$ 22,027 | \$ 58,466 | \$ 105,222 | |
| Total Capital Renewal Cost | \$ 4.44 | \$ 105,161 | \$ 279,127 | \$ 502,353 | \$ 886,641 |

¹ VP Students (VPS) and VP Academic (VPA – includes General Teaching Space) Operations & Maintenance costs are covered by the UBC Operating Budget.

² Student Housing & Community Services (SHCS) will fund all operations and maintenance costs for the student housing portion of the facility out of housing rental revenue, as well as for child care, food service, and supporting spaces, and will manage the operation and associated costs of waste disposal and recycling for both student housing and the food outlet.

³ Final costs will be based on actual built areas and are subject to change pending final design and construction.

⁴ The Space Charge System was revised in July 2020: “For proposed new construction, no demolition credits will be offered for occupied, existing space as no payment has been made. All developments with proposed demolitions will be reviewed by Infrastructure Development on a case by case basis.” Since the Faculty of Arts developed Brock Commons Phase 2 financial planning prior to this change in policy, Infrastructure Development has recommended that a demolition credit be offered for Brock Annex space.

⁵ Lifecycle Capital Costs are covered by the UBC Operating Budget (Routine Capital program).

Appendix 5 – South Building Detailed Funding Sources, Financing, and Student Housing Pro Forma

The capital costs below include money spent to date on the overall Brock Commons Phase 2 development. These costs have been proportionately re-distributed to the South Building units and are not a fair representation of capital costs for the South Building units. Once the timing and final construction costs of the North Building are confirmed, there will be a reconciliation of shared costs. Based on pro-rating of shared costs across both North and South Buildings the numbers below may be reduced in the order of: SHCS Student residences: \$2,600,000; SHCS Child Care \$400,000; SHCS Food Services \$250,000; Faculty of Arts \$1,100,000; VP Students \$900,000; VP Academic \$1,200,000:

| Project Capital Cost Breakdown | | Costs \$ | SHCS ¹ | SHCS-CC | SHCS-FS | FOA | VPS | VPA |
|--|--|--------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|
| <i>South Building Gross Area (Square Feet)</i> | | 199,717 | 99,384 | 7,233 | 4,661 | 22,452 | 43,958 | 22,029 |
| Construction Costs | | | | | | | | |
| Construction | | 87,406,000 | 37,129,000 | 4,242,000 | 2,848,000 | 10,413,000 | 20,545,000 | 12,230,000 |
| Cash Allowances | | 5,674,000 | 1,650,000 | 153,000 | 191,000 | 765,000 | 1,449,000 | 1,466,000 |
| Soft Costs | | 12,032,000 | 4,249,000 | 684,000 | 461,000 | 1,608,000 | 3,170,000 | 1,860,000 |
| Building Subtotal | | 105,112,000 | 43,028,000 | 5,079,000 | 3,500,000 | 12,786,000 | 25,164,000 | 15,556,000 |
| Project Management | | 2,628,000 | 1,308,000 | 80,000 | 61,000 | 295,000 | 578,000 | 290,000 |
| Building Total | | 107,740,000 | 44,336,000 | 5,174,000 | 3,561,000 | 13,081,000 | 25,742,000 | 15,846,000 |
| GST | | 1,799,000 | 895,000 | 65,000 | 42,000 | 202,000 | 396,000 | 198,000 |
| Construction Period Financing ² | | 3,319,000 | 1,652,000 | 120,000 | 71,000 | 373,000 | 731,000 | 366,000 |
| IIC Public Realm Hub Contribution | | (2,000,000) | (995,000) | (72,000) | (47,000) | (225,000) | (440,000) | (221,000) |
| Retained Risk | | 1,095,000 | 545,000 | 40,000 | 26,000 | 123,000 | 241,000 | 121,000 |
| South Building Total Costs | | 111,943,000 | 46,433,000 | 5,327,000 | 3,659,000 | 13,554,000 | 26,670,000 | 16,310,000 |
| Brock Annex Replacement Adjustment | | | 12,761,000 | - | - | (6,160,000) | (3,484,000) | (3,117,000) |
| Total Project Cost by Funding Source | | | 59,194,000 | 5,327,000 | 3,659,000 | 7,394,000 | 23,186,000 | 13,193,000 |

¹ Guide to acronyms:

| | | | |
|---------|--------------------|-----|-----------------|
| SHCS | Student Residences | FOA | Faculty of Arts |
| SHCS-CC | Child Care | VPS | VP Students |
| SHCS-FS | Food Services | VPA | VP Academic |

Alternate Financing Scenarios if Provincial loan is increased:

| Scenario (2) Includes Brock Annex replacement (\$12.8 million) | | | | | | | | |
|--|---------|---------|----------|----------------|----------------|----------------|----------------|----------------|
| \$59m Province of BC Loan | | | | | | | | |
| Liquidity Impact (In \$000s) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | ...2053 |
| Construction Costs ¹ | (4,647) | (9,568) | (71,104) | (19,648) | | | | |
| Loan Principal & Interest Payments | | | | | | | | |
| Province of BC Loan - SHCS (3.5%) | | | | (792) | (3,168) | (3,168) | (3,168) | (3,168) |
| Internal Loan - SHCS (5.75%) | | | | (155) | (619) | (619) | (619) | (619) |
| Internal Loan - Central Loan (5.75%) | | | | (487) | (1,947) | (1,947) | (1,947) | (1,947) |
| Total | | | | (1,434) | (5,734) | (5,734) | (5,734) | (5,734) |

¹ Shows total construction costs gross of \$2m expected to be received from IIC Public Realm Hub

| Scenario (3) Includes child care and food services (\$9.0 million in aggregate) | | | | | | | | |
|---|---------|---------|----------|----------|---------|---------|---------|---------|
| \$68m Province of BC Loan | | | | | | | | |
| Liquidity Impact (In \$000s) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | ...2053 |
| Construction Costs ¹ | (4,647) | (9,568) | (71,104) | (19,648) | | | | |
| <u>Loan Principal & Interest Payments</u> | | | | | | | | |
| Province of BC Loan - SHCS (3.5%) | | | | (912) | (3,649) | (3,649) | (3,649) | (3,649) |
| Internal Loan - SHCS (5.75%) | | | | 0 | 0 | 0 | 0 | 0 |
| Internal Loan - Central Loan (5.75%) | | | | (487) | (1,947) | (1,947) | (1,947) | (1,947) |
| Total | | | | (1,399) | (5,596) | (5,596) | (5,596) | (5,596) |

¹ Shows total construction costs gross of \$2m expected to be received from IIC Public Realm Hub

Housing Pro Forma for Three Alternate Provincial Loan Scenarios

The University will be seeking lower interest financing from the Province. In the event that the University does not receive a Provincial loan from the government, SHCS is expected to fund the full \$68.2 million through an internal loan.

| Scenario (1) \$46M BC Government Financing 3.5%, \$22M Internal Financing 5.75%, 30 years | | | | | |
|---|-------|-------|---------|---------|---------|
| | | 2024 | 2025 | 2034 | 2035 |
| Rental Revenue ¹ | 2% | 1,098 | 4,481 | 5,355 | 5,462 |
| Less Rental Vacancy ² | 1% | (11) | (45) | (54) | (55) |
| | | 1,087 | 4,436 | 5,302 | 5,408 |
| Less Student Housing Operating Costs ³ | 25% | (641) | (1,120) | (1,339) | (1,366) |
| | | (641) | (1,120) | (1,339) | (1,366) |
| Net Operating Income | | 447 | 3,316 | 3,963 | 4,042 |
| Less Student Housing Debt Service ⁴ | 3.50% | (621) | (2,485) | (2,485) | (2,485) |
| Operating Cash Flow | | (175) | 831 | 1,478 | 1,557 |
| Less other SHCS & Replacement Space Debt Service ⁴ | 5.75% | (375) | (1,499) | (1,499) | (1,499) |
| Net Cash Flow | | (549) | (668) | (21) | 58 |
| 1 - Comparing current rates and current unit sizes, with a Rental Inflation factor applied. | | | | | |
| 2 - Contemplates vacancy rates of 1% in both the Winter Academic and Summer Academic term. | | | | | |
| 3 - Current operating costs are 25% based on comparable Year Round UBC Residence operating figures. | | | | | |
| 4 - Assumes financing over 30 years at a rate of 3.5% from Provincial Government debt for the \$46.3M student residence portion of the project and at 5.75% for internally finance debt of \$21.7M for other SHCS project components and replacement costs. | | | | | |

Scenario (2) \$59M BC Government Financing 3.5%, \$9M Internal Financing 5.75%, 30 years

| | | 2024 | 2025 | 2031 | 2032 |
|---|-------|-------|---------|---------|---------|
| Rental Revenue ¹ | 2% | 1,098 | 4,481 | 5,046 | 5,147 |
| Less Rental Vacancy ² | 1% | (11) | (45) | (50) | (51) |
| | | 1,087 | 4,436 | 4,996 | 5,096 |
| Less Student Housing Operating Costs ³ | 25% | (641) | (1,120) | (1,262) | (1,287) |
| | | (641) | (1,120) | (1,262) | (1,287) |
| Net Operating Income | | 447 | 3,316 | 3,734 | 3,809 |
| Less Student Housing Debt Service ⁴ | 3.50% | (792) | (3,168) | (3,168) | (3,168) |
| Operating Cash Flow | | (345) | 148 | 566 | 641 |
| Less other SHCS & Replacement Space Debt Service ⁴ | 5.75% | (155) | (619) | (619) | (619) |
| Net Cash Flow | | (500) | (471) | (53) | 22 |
| 1 - Comparing current rates and current unit sizes, with a Rental Inflation factor applied. | | | | | |
| 2 - Contemplates vacancy rates of 1% in both the Winter Academic and Summer Academic term. | | | | | |
| 3 - Current operating costs are 25% based on comparable Year Round UBC Residence operating figures. | | | | | |
| 4 - Assumes financing over 30 years at a rate of 3.5% from Provincial Government debt for the \$59.2M student residence and replacement cost portions of the project, and at 5.75% for internally finance debt of \$9M for other SHCS project components. | | | | | |

Scenario (3) \$68M BC Government Financing 3.5% for SHCS components, 30 years

| | | 2024 | 2025 | 2029 | 2030 |
|---|-------|-------|---------|---------|---------|
| Rental Revenue ¹ | 2% | 1,098 | 4,481 | 4,850 | 4,947 |
| Less Rental Vacancy ² | 1% | (11) | (45) | (49) | (49) |
| | | 1,087 | 4,436 | 4,802 | 4,898 |
| Less Student Housing Operating Costs ³ | 25% | (641) | (1,120) | (1,213) | (1,237) |
| | | (641) | (1,120) | (1,213) | (1,237) |
| Net Operating Income | | 447 | 3,316 | 3,589 | 3,661 |
| Less Student Housing & Community Services Debt Service ⁴ | 3.50% | (912) | (3,649) | (3,649) | (3,649) |
| Net Cash Flow | | (466) | (333) | (60) | 12 |
| 1 - Comparing current rates and current unit sizes, with a Rental Inflation factor applied. | | | | | |
| 2 - Contemplates vacancy rates of 1% in both the Winter Academic and Summer Academic term. | | | | | |
| 3 - Current operating costs are 25% based on comparable Year Round UBC Residence operating figures. | | | | | |
| 4 - Assumes financing over 30 years at a rate of 3.5% from Provincial Government debt for all the \$68.2M SHCS components and replacement cost portions of the project. | | | | | |

Appendix 6 – Brock Commons Phase 2 Academic Need Statement

A number of UBC groups are waiting for space in Brock Commons Phase 2. Several units are now accommodated in constricted and functionally lacking facilities; important new academic programs cannot advance and various student services remain spatially inadequate and scattered across campus.

The Faculty of Arts is allocated 1,031 NSM in Brock Commons Phase 2, which will decant a further 997 NSM in existing Arts holdings. The Faculty faces dire campus space needs in both academic and non-academic areas. Many units across the Faculty have converted needed non-office space (including TA space, meeting/seminar rooms, student spaces) to offices to accommodate growth. The loss of support spaces hinders the Faculty's capacity to undertake planned new and innovative academic initiatives, and limits the ability to hire new faculty.

Academic Growth:

- Nine units have no remaining capacity for new faculty hires. They face postponing academic appointments while converting meeting rooms and seminar rooms to offices.
- There is no space to accommodate Formal Research Clusters being developed under the PAEI initiative.
- Needed growth of School of Public Policy (SOPP) cannot happen within the CK Choi Building.
- The Bachelor of Media Studies (BMS) and Asian Canadian and Asian Migration Studies (ACAM) program offices are currently in WESB. There is no expansion space there and no space to relocate these units when WESB is demolished.
- Of the 20 expected new faculty in 2021 (including 6 PAEI), there is space to accommodate 6. Units will need to displace TAs, staff and sessional faculty to accommodate the 14 remaining faculty plus additional staff required to support faculty growth.
- There is no additional space available for faculty growth beyond 2021.

Staff Growth:

- An urgent need has emerged from the acceptance of Workday Student as the new student information system. Arts is forecasting an unanticipated growth of 14 staff FTEs in Arts Academic Advising (AAA) to develop and maintain the new system. This is a critical shift as of March 1, 2021.
- Additional continued growth in AAA requires their short-term move to the Meekison Lounge in Buchanan D when AUS moves to the Arts Student Centre. Delaying AAA's move to Brock Commons means further pressure on critical TA space that will eventually be replaced in the Meekison Lounge.
- Arts Co-op expansion, required to support the Experiential Learning Initiative, can only be accommodated by building new space in Brock Commons.
- Arts Finance has grown from 8 to 22 following the KPMG/IRP review; the full team can be accommodated in Brock Commons. Construction delays increase pressure here.
- Arts HR has grown from 2 to 8 positions following KPMG/IRP review. There is no space for this growth.
- Arts Communications has grown from 4 to 7 positions to meet the Faculty's complex strategic needs. There is no space on campus to accommodate this growth.
- 13 new hires are required by Arts Instructional Support & Information Technology (Arts ISIT) to support transformation to digital learning technology by spring 2022. There is no growth space for Arts ISIT. Vancouver Summer Programs (VSP) and Arts Curriculum offices are currently in WESB. When WESB is demolished there is no space to relocate them.

Space Loss:

- Mary Bollert Hall (MBH) is out of space. In addition to offices for the Chan Centre and Arts DAE, Arts allocates space in MBH to units in critical need, typically using the space for non-faculty FTEs to free up faculty offices in their main department. No options remain.

Once Brock Commons Phase 2 is completed, the spaces vacated by the units moving there will be reallocated to address some of the most critical issues noted above; while it will not address all of Faculty of Arts' space shortages, it will significantly alleviate their current space pressures.

Other UBC groups and functions relying on Brock Commons Phase 2 development to meet their burgeoning space requirements follow below.

- **Peter A. Allard School of Law Experiential Learning Suite** (156 NSM) provides 2-3 new Law Clinic areas and further essential practice opportunities for Law students. Further consequential moves allow offices for Law's 2 PAEI hires.
- **A 150 Seat General Use Classroom** (315 NSM) alleviates a bottleneck at this classroom seating capacity on campus and an **80 Seat General Use Classroom** (184 NSM) replaces and upgrades the Brock Annex classroom to be demolished. **An Executive Meeting Room** (60 NSM) reverses scarce quality meeting space in this campus precinct.
- **Emeritus Office** (93 NSM) provides permanent quality space for Emeriti, including a dedicated meeting room. Ponderosa Annex F, which they now occupy, will revert to much-needed Swing Space inventory.
- **Graduation/General Meeting Space** (320 NSM) is flexibly programmed for Graduation Support (November and May) with Mustering (below) then Special Accommodation Exams and Bookable Meetings for the rest of the year.
- **Graduation Mustering** (250 NSM) replaces current cramped Graduation areas. Mustering (November and May) in Brock Commons' Atrium connects to Brock Hall Concourse for overflow and the procession route to Chan Centre.
- **Office of the VP Students** (347 NSM) is required for the revised VP Students organizational chart. Space decanted in Old Administration Building (OAB) allows accommodation for growth requested by other admin units in OAB. **An Event Room** (+110 NSM) meets VP Students' need for an all-purpose room for scheduled student events.
- **Student Development Services** (270 NSM) is now separated from VP Students Office as a necessary and deliberate organizational strategy.
- **Centre for Accessibility** (234 NSM) meets UBC's present and future growth strategy. Space decanted by this group in Brock Hall (185 NSM) will house International Student Development (by President's direction).
- **Accommodated Examination Centre** (297 NSM) finally meets UBC's need, along with existing processing rooms in Brock Hall Basement. Their interim location, Ponderosa Annex C, is Swing Space needed for upcoming projects.
- **Equity & Inclusion Office (E&I)** (287 NSM) centralizes their present scattered service delivery units. Now in Brock Hall, their new Office location in Brock Commons is the first step to consolidate Student Services on campus.
- **Centre for Community Engaged Learning (CCEL)** moves into the Brock Hall suite (176 NSM) decanted by E&I; returning their CIRS space to meet CIRS' sustainability research mandate. This move consolidates Student Services.

- **Sexual Violence Prevention and Response Office** (155 NSM) accommodates this function, currently occupying academic space in Orchard Commons. This new location consolidates Student Services in this campus precinct.
- **Multi-Purpose Room and Ablution Facilities** (205 NSM) replaces the room in Brock Annex (to be demolished) that was for multi-faith use and will provide a multi-purpose/multi-faith space befitting UBC's student population.
- **A Collegium** (180 NSM) is needed for commuter students. Collegia are very successful on campus and subsequently have long waitlists. This new one is needed to alleviate demand in this campus neighbourhood.



Brock Commons Phase 2 South Building Board 3 Approval Request

June 8, 2021

John Metras, Associate Vice-President Facilities



Introduction and summary



- Part of mixed use commons project with housing & academic uses
- Recommend split approach to minimize risk
- 280 of 595 beds of student housing
- All academic uses except for Law in South
- Target completion of South Bldg – Jan 2024

Additional details



- Both buildings have complete designs
- South Building has been tendered; North can be tendered over summer ready for September Board 3
- Splitting approval allows for decreased liquidity risk but proceeding with North soon reduces added cost of split approval

Additional details



- Time between now & September allows SHCS to pursue financing for both childcare and housing beds from Province, decreasing cost
- While splitting does present some escalation risk, proceeding with North soon should mitigate risk
- Housing demand continues to outpace supply so provision of student housing remains a priority

Additional details



Project on track to meet sustainability targets:

| | Metric | Baseline* | UBC Target | Proposed Brock 2 Design |
|---------------|-------------------|-----------|------------|-------------------------|
| Energy use | TEUI (KWH/m2/yr) | 161 | 130/140 | 114 |
| GHG emissions | GHGI(kgCO2/m2/yr) | 13.6 | NA | 2.23 |

*

LEED Gold project (assumed to have 6 optimized energy points and 1 Building Life-Cycle Impact Reduction point)

Embodied carbon reduction targets were set well into design & will be reported for Board 4

Additional details – Final Renderings



View of Final Brock Commons Precinct



View of Brock South looking East

Discussion and decision points



Board 3 approval of the Brock Commons Phase 2

South Building project:

1. approval of final capital and operating budgets;
2. approval of final funding sources and financing of up to \$104.6 million at 5.75% annual interest with an amortization of 30 years, repaid by SHCS and UBC Central;
3. authorization to proceed to award construction contracts; and
4. approval of final funding release of \$107,298,000.

Supplemental Materials 1 – Images of Final Design



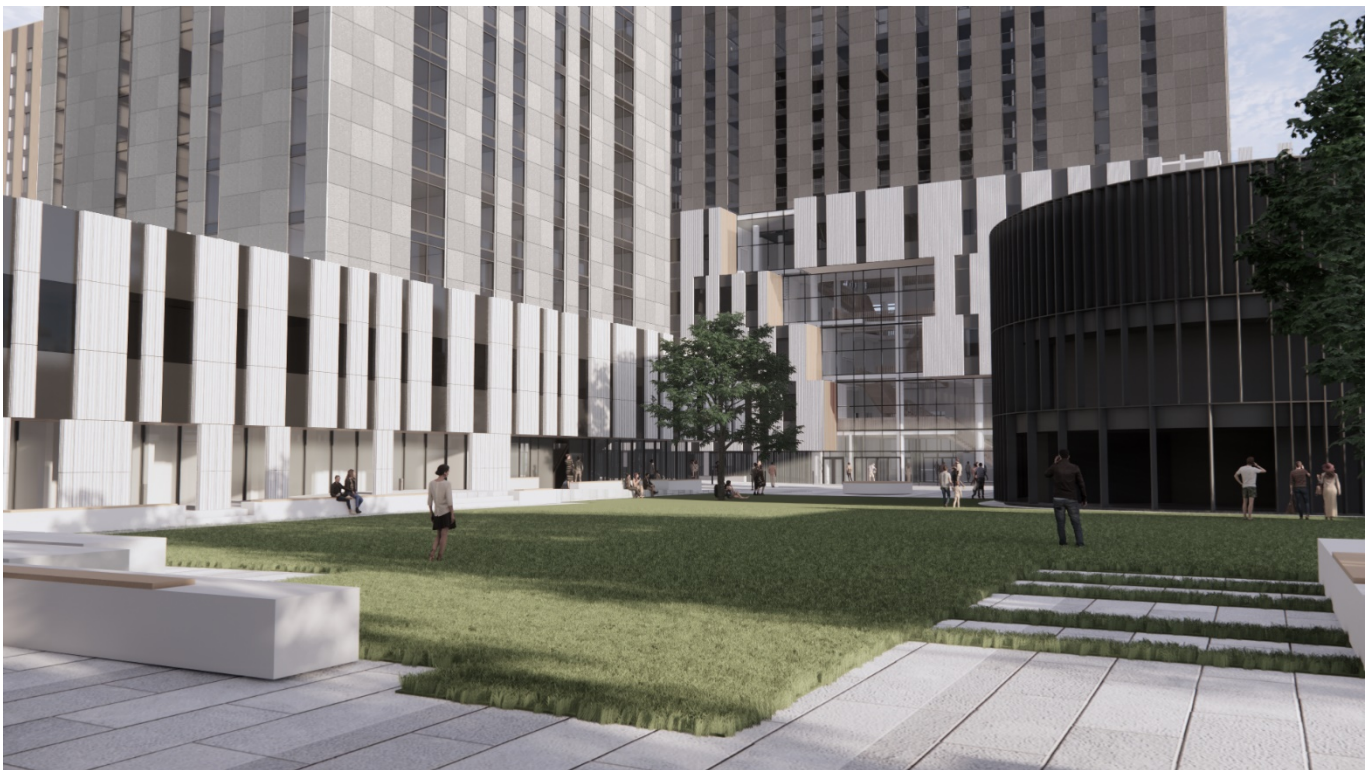
View of Built-out Brock Commons Precinct: Brock Commons Phase 2 South Building (right), Brock Commons Phase 2 future North Building (left), Arts Student Centre (foreground), and Tallwood Residence (background)



View of Brock Commons South Building looking east from corner of East Mall and Walter Gage Road



View of Brock Commons South Building looking west on Walter Gage Road



View of Brock Commons South Building and future North Building (left) from courtyard