



SUBJECT 2024-2025 UBC Vancouver Infrastructure Impact Charges & Community Amenity Charges Plan

SUBMITTED TO Property Committee

MEETING DATE March 12, 2024

SESSION Recommended session criteria from Board Meetings Policy:

CLASSIFICATION OPEN

REQUEST APPROVAL REQUESTED

IT IS HEREBY RESOLVED that the Property Committee, in accordance with authority delegated by the Board of Governors, approves the 2024-2025 UBC Vancouver Infrastructure Impact Charges (IICs) and Community Amenity Charges (CACs) Plan.

LEAD EXECUTIVE Robin Ciceri, Vice-President External Relations

SUPPORTED BY Frank Laezza, Vice-President Finance & Operations
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PRIOR SUBMISSIONS

The subject matter of this submission is received annually by the Property Committee, most recently on [March 21, 2023](#) (OPEN SESSION) 2023-2024 Infrastructure Impact Charges (IICs) and Community Amenity Charges (CACs) Plan (UBC Vancouver)

EXECUTIVE SUMMARY

This briefing seeks annual Property Committee approval for UBC Vancouver’s Infrastructure Impact Charges (IIC) and Community Amenity Charges (CAC) Plan. Under provincial legislation and Board of Governors’ policy, UBC has established a municipal-like approval and cost-recovery structure for Vancouver campus growth. IICs and CACs are collected from development projects and fund campus infrastructure based on projected growth, infrastructure need, and engineering standards. IIC-CAC revenue comes primarily from UBC’s neighbourhood growth. Expenses reflect planned infrastructure needed to support growth and are built in advance of the associated building capital projects to ensure systems are in place for the buildings to function upon opening.

The 2024-25 IIC-CAC Plan projects \$11.3M in revenue and \$17.9M in expenses, with an end-of-year deficit of \$38.9M, within four years of projected revenue. This is typical of municipal approaches for infrastructure financing. The priorities are focused on those needed to enable academic growth including replacing critical electrical substation equipment and expanding district energy to new capital project sites. CAC expenditures to support community amenities are focused on childcare spaces in neighbourhood lands over the next ten years.

Under Board of Governors’ policy, IIC-CAC rates are adjusted annually to Statistics Canada’s Non-Residential Building Construction Price Index (Vancouver Census Metropolitan Area, Quarter III data). Rates for 2024 were increased by 8.1% to account for inflation (see Appendix One). Rates remain comparable to or lower than other municipal development charges such as the City of Vancouver (see Presentation One).

The IIC-CAC Plan reflects the infrastructure costs identified in master service plans for campus utilities and neighbourhood plans with respect to community amenities, with revenue based on projected growth enabled by UBC's Land Use Plan. With the completion of Campus Vision 2050 and submission of the amended Land Use Plan to the Province for approval in December 2023, staff have begun updating both future revenue projections as well as costs based on updated master service plans and neighbourhood plans. These changes will be reflected in future IIC-CAC Plans.

In the context of updating long-term projections in the IIC-CAC Plan, the Administration will also be taking the opportunity to address a number of related issues including determining a more consistent approach to the funding of operating and maintenance costs of newly built infrastructure; a review of the development charges rate structure to reflect anticipated future revenue and costs, as well as rate application to different types of uses (including those eligible for reductions or exclusion); and a review of recent Provincial changes to municipal development charge policy and application to honour UBC's intention of following municipal best practice. The results of this work will be reported back to Board in 2025.

2024-25 IIC-CAC Plan

A senior Administration planning committee develops the annual IIC-CAC Plan for Board approval. In addition, the Administration also seeks Board capital approvals on individual IIC-CAC projects exceeding the delegated Board authority threshold (currently \$5M). Appendix Two shows the 2024-25 10-Year Plan, including projected revenues and expenditures.

The 2024-25 IIC-CAC Plan projects \$11.3M in revenue and \$17.9M in expenses, with an end-of-year deficit of \$38.9M, within four years of projected revenue. Projects are focused on those needed to enable academic growth including replacing critical electrical substation equipment and expanding district energy to new capital project sites. CAC expenditures to support community amenities are focused on childcare spaces in neighbourhood lands over the next ten years.

Future IIC-CAC Plan updates will adjust revenue and expenditure projections to reflect updated master service plans for different infrastructure to enable Campus Vision 2050 growth, described below. Updated master service plans for stormwater, water, and district energy are expected in 2024.

Market Impacts on IIC-CAC Revenue

IIC-CAC expenses support growth and must be built and funded before revenue is received. As a result, the fund operates in a deficit financed by a UBC Treasury line of credit as reflected in UBC's annual operating budget. This deficit financing approach is typical for similar investments in municipalities.

To manage risk, the deficit is typically kept to three years of projected IIC-CAC revenue. Over the past year, projected IIC-CAC revenue from new housing was delayed due to supply chain challenges, rising interest rates, and conclusion of the Campus Vision 2050 process. As a result, the current IIC-CAC deficit is approximately four years of projected revenue. The 2024/25 IIC-CAC Plan projects future year deficits at approximately five years of projected revenue until the late 2020s, with the elimination of the deficit achieved over time as build out is achieved in accordance with Campus Vision 2050.

Campus Vision 2050 and the Future Approach to Financing Growth

The Campus Vision 2050 process included amendments to UBC's Land Use Plan that enable more campus housing development through 2050. If the Minister of Municipal Affairs adopts the Land Use Plan, these changes enable increased IIC-CAC revenue and require new expenses to support campus growth. Over the next year, the Administration's Financing Growth Project will lead a review of the long-term IIC-CAC Plan to reflect Campus Vision 2050. The results will be presented to the Board of Governors for consideration in early 2025, including:

- Updating master servicing plans. Reflecting Campus Vision 2050 growth, updating UBC's infrastructure and amenity plan to determine growth needs, expenses, timing, and forecasting for inflationary growth. Examples include water, rainwater, and academic district energy plans.
- Incorporating neighbourhood planning and community engagement to explore community facility needs. Similar to the development of utility master service plans, the Administration is working with the UNA and community stakeholders to explore future neighbourhood needs for community facilities such as community centres, childcare, recreation spaces, etc. Much of this work takes place during neighbourhood plan development, with the next area of focus being an update to the Wesbrook Place Neighbourhood Plan, anticipated to start in 2024.
- Updating revenue projections and timing. The majority of development charge revenue comes from market housing development and is affected by market demand, interest rates, construction costs, and development entitlement. The Administration will work with UBC Properties Trust on projected revenue for future neighbourhood growth, subject to provincial approval of UBC's Land Use Plan.
- Aligning requests for operations and maintenance costs with IIC projects. To date there has been an inconsistent approach to securing the necessary operating funding to support investments in new infrastructure. Moving forward, a corresponding strategy and/or funding source should be identified to support operations and maintenance.
- Reviewing the current IIC-CAC rate structure. The updated growth costs and revenue needs from Campus Vision 2050 require a consideration of the IIC-CAC rates. UBC's current fees are generally comparable to or lower than similar fees in neighbouring jurisdictions like the City of Vancouver (Appendix One). The rate review will ensure UBC development fees continue to meet the university's needs, reflect municipal comparators, and are fair and balanced for different types of campus development including ancillaries (e.g., student housing) that pay a reduced fee and academic buildings that do not currently pay fees.
- Reviewing new provincial development cost charge legislation for potential alignment. As part of UBC's unique local governance, the Administration generally ensures alignment with provincial regulations and standards. The Administration will explore updates to the IIC-CAC Plan and associated policies to reflect the intent of the Province's many recent changes to municipal development charge policy.

APPENDICES

1. 2024 IIC and CAC Rates
2. 2024-2025 IIC-CAC Plan

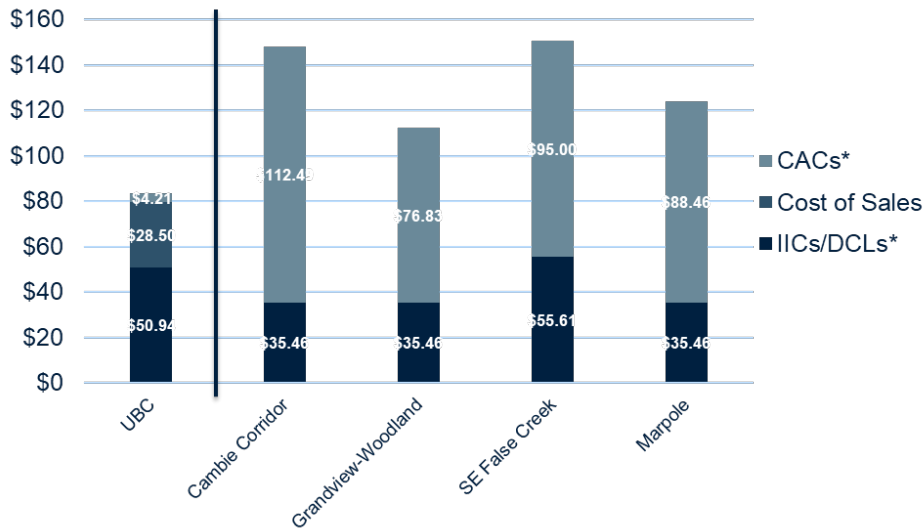
Appendix One: 2024 IIC and CAC Rates

IIC/CAC Classification	2023 Rates \$/ft ²	% increase in NRBCPI	2024 Rates \$/ft ²
Market Housing	\$47.12	8.1%	\$50.94
Institutional (ancillaries, campus housing, non-market housing)	\$8.00	N/A	\$8.65
Academic Buildings (provincial funding)	\$0	8.1%	\$0
Industry Research	\$6.28	8.1%	\$6.79
Commercial	\$47.24	8.1%	\$51.07
Separate Parking Structures	\$6.32	8.1%	\$6.83
CAC Rates (market housing projects)	\$3.89	8.1%	\$4.21

In addition to the IIC and CAC charges, UBC collects:

- TransLink’s Regional Transportation Development Cost Charge. This rate increased on January 1, 2024 to \$1658 for apartments and \$2652 for townhouses. The rate for institutional development increased to \$0.53/sq. ft.
- Metro Vancouver’s Sewerage and Drainage District Development Cost Charge. UBC collects an equivalent fee for Metro Vancouver’s DCC on all market housing projects (apartments) at \$1988/unit. Starting January 1, 2020, UBC also began collecting an equivalent fee for all non-market housing projects (\$1988/unit) and non-residential projects including institutional buildings (\$1.63/sq. ft).

2024 UBC and Vancouver Development Charges



Appendix Two: 2024-2025 IIC-CAC Plan

IIC/CAC Consolidated 10-year Summary Plan *(in millions)*

	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan	2033-34 Plan	2034-35 Plan
Revenue:											
Market Housing	8.57	-	9.68	13.75	12.23	19.87	3.92	5.09	3.92	5.09	17.74
Non-Market Housing	2.03	-	1.38	-	-	-	1.79	0.84	-	0.49	2.58
Ancillaries and Campus Housing	-	-	5.19	-	-	-	3.63	-	2.08	-	2.08
Academic Buildings	-	-	-	-	-	-	-	-	-	-	-
Industry Research	-	-	-	-	-	-	-	-	-	-	1.22
Commercial	-	-	-	-	-	-	1.53	-	-	-	-
Parkades	-	-	-	-	-	-	-	-	-	-	-
Community Amenity Contribution	0.71	-	0.80	1.14	1.01	1.64	0.32	0.42	0.32	0.42	1.47
Other Contributions	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	11.31	-	17.05	14.89	13.24	21.51	11.20	6.35	6.32	6.01	25.08
<i>Rolling 3-year forecasted revenue (Current year + 2 years forward)</i>	<i>28.36</i>	<i>31.94</i>	<i>45.18</i>	<i>49.64</i>	<i>45.94</i>	<i>39.06</i>	<i>23.88</i>	<i>18.68</i>	<i>37.41</i>	<i>43.44</i>	<i>52.39</i>
<i>Rolling 5-year forecasted revenue (Current year + 4 years forward)</i>	<i>56.49</i>	<i>66.69</i>	<i>77.89</i>	<i>67.19</i>	<i>58.62</i>	<i>51.39</i>	<i>54.97</i>	<i>56.11</i>	<i>64.72</i>	<i>73.31</i>	<i>83.85</i>
Expenditures:											
Water	0.13	-	-	-	0.75	-	0.16	-	0.51	-	-
Sanitary	-	-	0.89	6.69	1.65	0.24	0.10	0.20	-	-	1.06
Stormwater	-	2.30	2.50	-	-	-	-	5.00	5.00	-	-
Surface Works	6.02	3.20	0.38	0.12	0.12	0.12	2.32	0.73	1.56	0.12	0.12
Transportation	-	-	-	6.37	2.20	-	-	0.50	-	-	-
Electrical	5.85	0.80	9.00	7.00	-	-	10.50	-	-	-	-
Natural Gas	-	-	-	-	-	-	-	-	-	-	-
District Energy	3.43	-	-	-	-	2.00	-	-	-	0.60	-
Solid Waste	1.85	-	-	-	2.18	3.70	-	-	-	-	-
Planning, Services, Financing	0.67	0.67	0.67	-	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-	-	-	-
CAC	0.00	2.48	0.00	0.00	2.48	0.00	0.00	0.00	2.48	0.00	0.00
Total Expenses	17.94	9.44	13.44	20.18	9.37	6.06	13.08	6.43	9.55	0.72	1.18
Surplus/(Deficit)	(6.63)	(9.44)	3.61	(5.29)	3.87	15.45	(1.88)	(0.07)	(3.22)	5.29	23.90
Interest Income/(Expense)	(2.10)	(2.75)	(2.70)	(3.16)	(3.12)	(1.80)	(1.96)	(2.74)	(3.08)	(2.96)	(1.31)
Net Surplus/(Deficit)	(8.72)	(12.20)	0.91	(8.45)	0.75	13.65	(3.84)	(2.82)	(6.31)	2.33	22.59
IIC & CAC Balance, Beginning	(30.13)	(38.86)	(51.05)	(50.14)	(58.59)	(57.84)	(44.20)	(48.04)	(50.85)	(57.16)	(54.83)
Surplus/(Deficit)	(8.72)	(12.20)	0.91	(8.45)	0.75	13.65	(3.84)	(2.82)	(6.31)	2.33	22.59
Contingency	-	-	-	-	-	-	-	-	-	-	-
IIC & CAC Balance, Ending	(38.86)	(51.05)	(50.14)	(58.59)	(57.84)	(44.20)	(48.04)	(50.85)	(57.16)	(54.83)	(32.24)