



SUBJECT	Lower Mall Precinct (LMP) Student Housing Redevelopment – Phase 1 at St. John’s College - UPDATE
SUBMITTED TO	Property Committee
MEETING DATE	September 11, 2024
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For information only - No action requested
LEAD EXECUTIVE	Frank Laezza, Vice-President Finance & Operations
SUPPORTED BY	Ainsley Carry, Vice-President Students Robin Ciceri, Vice-President External Relations Andrew Parr, Associate Vice-President Student Housing and Community Services Henry Yu, Principal, St John’s College Michael White, Associate Vice-President Campus & Community Planning John Metras, Associate Vice-President Facilities Denise Brown, Director, Capital Planning & Development Yale Loh, Treasurer Aubrey Kelly, President & CEO, UBC Properties Trust

PRIOR SUBMISSIONS

The subject matter of this submission previously considered by the Property Committee on [June 11, 2024](#) (CLOSED SESSION) – Conditional* Board 1 Approval, Funding Release \$10,000,000. Action/Follow up: Proceed with schematic design. * Conditional on the Province of BC Ministry of Post-Secondary Education and Future Skills approving funding and financing as described in the briefing.

The following Executive Summary provides a status update from the date of the most recent submission.

EXECUTIVE SUMMARY

The Lower Mall Precinct Student Housing Redevelopment – Phase 1 at St. John’s College received conditional Board 1 approval in June 2024 (refer to *Attachment 1*), subject to approval of Provincial government funding and financing for the project. The conditional Board 1 approval was granted in Closed session of the Board at the request of the Provincial government given that the funding request was still under review at that time.

The Ministry of Post-Secondary Education and Future Skills (PSFS) has subsequently approved a \$300 million government contribution to the project in the form of a \$256.4 million grant and \$43.6 million loan as outlined in the Board 1 submission. Written confirmation of this funding and financing award was received from the Minister on August 1, 2024.

Now that the condition on the Board 1 approval has been satisfied, the project team will move ahead with selection of the architect and commence schematic design. Construction on this \$559.91 million project is targeted to commence in October 2026 with a phased completion in Fall 2028 and Fall 2029. The project will deliver 1,500 student residence beds, including 1,325 net new beds, to address strong demand and meet the commitments for new student housing in Campus Vision 2050 and the Housing Action Plan.

APPENDICES

1. Lower Mall Precinct Student Housing Redevelopment – Phase 1 – *conditional Board 1 (June 11, 2024)



SUBJECT	Lower Mall Precinct (LMP) Student Housing Redevelopment – Phase 1 at St. John’s College, Revised Financing
SUBMITTED TO	Property Committee
MEETING DATE	June 11, 2024
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: CLOSED: privacy/personal Information
REQUEST	<p>Action requested - Recommendation to Board for approval</p> <p>IT IS HEREBY RESOLVED that the Property Committee recommends that the Board of Governors grant conditional* BOARD 1 approval for the Lower Mall Precinct (LMP) Student Housing Redevelopment – Phase 1 at St. John’s College project as follows:</p> <ul style="list-style-type: none"><i>i.</i> approval of project in principle;<i>ii.</i> approval of preliminary program and schedule;<i>iii.</i> approval of location;<i>iv.</i> approval of preliminary capital budget of \$559,910,000 and operating costs as set out in the Appendices of this submission;<i>v.</i> approval of preliminary funding and financing sources;<i>vi.</i> authorization to proceed to schematic design; and<i>vii.</i> approval of funding release of \$10,000,000 for the next stage of project development. <p>*Conditional on the Province of BC Ministry of Post-Secondary Education and Future Skills approving funding and financing as described within this report.</p>
LEAD EXECUTIVE	Frank Laezza, Vice-President, Finance & Operations
SUPPORTED BY	Ainsley Carry, Vice-President, Students Robin Ciceri, Vice-President, External Andrew Parr, Associate Vice-President, Student Housing and Community Services Henry Yu, Principal, St John’s College Michael White, Associate Vice-President, Campus & Community Planning John Metras, Associate Vice-President, Facilities Denise Brown, Director, Capital Planning & Development Yale Loh, Treasurer Aubrey Kelly, President & CEO, UBC Properties Trust

PRIOR SUBMISSIONS

The subject matter of this submission has not previously been considered by the Property Committee.

EXECUTIVE SUMMARY

In accordance with the [Capital Projects Policy](#), this Board 1 approval request for Lower Mall Precinct (LMP) Student Housing Redevelopment – Phase 1 at St. John’s College project 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 Lower Mall Precinct (LMP) Student Housing Redevelopment – Phase 1 at St. John’s College project is \$559,910,000.

Background

The University of British Columbia’s (UBC) commitment to expanding on-campus student housing is not only a response to increasing student demand but it also supports the Province of British Columbia’s response to the housing challenges within BC; specifically, within the Lower Mainland. The need for more student housing has been the most vocal theme in Campus Vision 2050 and Housing Action Plan (HAP) which commits to 3,300 net new student housing beds (4,300 total beds) by the mid-2030’s as a priority.

UBC Vancouver (UBCV) currently offers 13,811 beds, with an additional 280 new beds, which are under construction at Brock Commons, slated to open in Summer 2024. Despite UBC’s significant investment of over \$700 million in internally funded housing projects, the waitlist has increased from 3,200 to over 8,000 students at the summer peak over the past 14 years.

By investing in additional student housing, UBC supports recruitment, retention, and student affordability, contributing positively to both the university experience and the regional housing solution. This strategic investment reinforces UBC’s role as a leading student housing provider in Canada. UBC has identified an opportunity to densify the Lower Mall Precinct (LMP), specifically the St. John’s College (SJC) site (“the Site”), to increase on-campus student housing and create a vibrant student-focused precinct on the west side of campus.

Project Description

A recent development plan led to the identification of Phase 1 of the Lower Mall Precinct Student Housing Redevelopment Plan (“the Project”) at the SJC site, which is zoned to permit student housing. This envisioned project consists of multiple buildings, including an 8-story hybrid mass timber and wood frame structure and other concrete residential buildings, with a net addition of 1,325 graduate student beds (approximately 1,500 new beds, including 175 replacement beds). Units are proposed as self-contained suite-style units, primarily consisting of independent studios, 4-bedroom shared units and a mix of 2-to-3-bedroom units will support students with families or multiple single students, depending on demand. Additionally, approximately 400 units without kitchens will be included in the program; a new All Access Dining Room that will be included in this development to support these students and will provide services to the broader campus community.

The Project will also include:

- Amenities specifically for residents: Front desk, fitness and games rooms, laundry facilities, music practice rooms, event / gathering space, and quiet study rooms, dining room for 400 residents on mandatory meal plan.
- Amenities for the broader community: 100 additional dining seats, 37 child care spaces within two centres (12 infant / toddler and 25 3-5-year spaces), SJC administration offices.

Refer to *Appendix 2: Preliminary Functional Program* for more details.

The Project received Executive 2 approval and conditional Executive 3 approval in May 2024, with authorization to proceed with a conditional Board 1 request. Executive 3 and Board 1 approvals will be conditional, subject to official

confirmation from the Province of BC’s Ministry of Post-Secondary Education and Future Skills (PSFS) of government funding and financing as described within this report.

Site

The SJC site, within the Lower Mall Precinct, is proposed for densified student housing and is already zoned to permit student housing. This project will increase on-campus student housing by approximately 1,375 beds and create a vibrant student-focused precinct on the west side of campus. The Site is at the southwest corner of University Blvd and Lower Mall on the campus's west edge (refer to *Appendix 1: Campus Context Map*).

Preliminary Capital Budget and Operating Costs

UBC Properties Trust (UBCPT) has prepared a preliminary capital budget for this project of \$559.9 million.

UBC SHCS will fund all operation and on-going maintenance and lifecycle costs out of housing rental revenue, as well as operations and maintenance costs for child care, food services, and residential support spaces. The SHCS operating budget for this project also includes forecasted debt servicing requirements.

The detailed breakdown of the preliminary Capital Budget is shown in *Appendix 3: Preliminary Capital Budget*.

Funding Sources

A Business Case was submitted to the Province in March 2024 requesting \$245,900,000 provincial grant funding and \$139,200,000 provincial loan funding.

On June 03, PSFS advised UBC that the maximum contribution (grant + loan) that the government can make to the project is \$300 million. This is the largest government contribution in history to any UBC project, and the largest government contribution to any student housing project.

However, this also represents a reduction of \$85 million in government funding from the original business case that UBC submitted to the Ministry. This will require a corresponding increase in the UBC internal loan in order to carry forward with the project.

The proposed government grant contribution will increase by \$10.5 million within the PSFS revised \$300 million total contribution. This off-sets the effect of the higher UBC internal interest on the project proforma therefore, the cashflow model remains the same as originally proposed with positive cashflow reached in Year 6 after project completion.

UBC has sufficient liquidity to absorb the \$85 million increase to internal funding but this could have an impact on our ability to lend to other projects. If the grant funding is received during construction, as the Province has indicated it would, liquidity would be around \$600 million at the August 2029 low point. In the worst case scenario that grant funding would only be received at completion, liquidity could drop to around \$325 million which would be problematic. With credit rating agencies seeking a minimum balance of \$350 million for AA rated universities like UBC, this would constrain our ability to support additional capital projects leading up to FY29/30.

The following is the summary of funding revisions and detailed funding model for the project:

Proposed Funding Sources	Original	Revised	Change
Provincial (PSFS) - Loan	\$139,200	\$43,600	-\$95,600
Provincial (PSFS) - Grant	\$245,900	\$256,400	+\$10,500
University (SHFE) Internal Loan	\$164,955	\$250,055	+\$85,100
University Contribution (Dining Hall + Academic Space)	\$7,150	\$7,150	\$0

Provincial (ECC) – Grant (Child Care)	\$2,705	\$2,705	\$0
Total Project Cost	\$559,910	\$559,910	\$0

Project Funding Model Breakdown	Student Housing	Dining Hall	Child Care	Total	%
Provincial (PSFS) - Grant	\$256,400			\$256,400	46%
Provincial (PSFS) - Loan	\$43,600			\$43,600	8%
Provincial (ECC) - Grant			\$2,705	\$2,705	0.5%
Subtotal	\$300,000	\$0,000	\$2,705	\$302,705	54%
University Internal Loan	\$230,979	\$17,944	\$1,132	\$250,055	45%
University Contribution	\$2,650	\$4,500		\$7,150	1%
Subtotal	\$233,629	\$22,444	\$1,132	\$257,205	46%
Total Project Cost	\$533,629	\$22,444	\$3,837	\$559,910	100%

The remaining funding is anticipated to come from a Student Housing and Community Services (SHCS) internal loan funded through the Student Housing Financing Endowment (SHFE), SHCS reserves and, specific to the child care component of the project, a ChildCareBC New Spaces Fund grant.

There is a strong sense of confidence that UBC will receive the government financing and funding noted above, however, the project team has been informed that the Provincial Treasury Board will make and announce their decision in mid-July – a delay from the previously anticipated May announcement. To manage this, the project team is requesting a *conditional* Board 1 approval in June, with the approval subject to official confirmation of government funding.

The project assumes that the full amounts of the Provincial PSFS and ECC grants will be made available to UBC at the beginning of the construction period. Should the provincial grants instead be funded at the end of the construction period, this would put greater pressure on UBC's liquidity from FY24/25 to FY28/29, resulting in a balance of \$523 million at the end of FY28/29. If the Provincial funding is not received soon after that date, this could result in a seasonal low of approximately \$325 million during August 2029 and below benchmarks followed by credit rating agencies for AA rated universities such as UBC.

Sustainability Targets

The building will target LEED Gold certification as a minimum, with defined greenhouse gas emission (GHG) and energy use intensity (EUI) targets in support of UBC's Climate Action Plan, and additional strategies explored with UBC Sustainability and the design team. Specific GHG emission reduction and EUI information for the project will be provided at Board 3 once detailed design is complete.

Promotion of inclusion and equity are integral to SHCS values, and the project team will pursue design strategies that provide enhanced accessibility.

Risks

- Current market conditions are extremely volatile due to post-pandemic supply-chain disruptions, cost escalation and local labour shortages. UBC is currently navigating these difficult challenges on projects, and is mitigating the risks with robust escalation contingencies, constant monitoring of local and global conditions, and by building in options for specified materials, where appropriate.
- Size, location and program components require a detailed planning and consultation process. The preliminary schedule includes an allowance for program refinement, and the preliminary budget includes contingency to acknowledge that the preliminary costing is based on a high-level master plan. Early consultation with Musqueam and other community interests is underway with the intention of understanding and balancing interests and concerns with the broader interest of increasing housing supply at the university.
- UBC is in the process of updating its approach to archaeological assessments, with the expectation that a new archaeological management plan will be completed in 2024. While that plan is being developed, archeological impact assessments are recommended for sites of potential interest on the academic campus, including the SJC site. By undertaking this assessment early in the design phase of the project, the risk of an archaeological find and any resultant mitigation measures will be addressed before construction commences.

Preliminary Schedule

The following schedule has been developed in consultation with SHCS and UBC Properties Trust.

Milestone	Target Dates
Executive 1	November 2023
Executive 2	May 2024
PPAC ¹	May 2024
Executive 3 ²	May 2024
Board 1 ²	June 2024
Provincial Funding / Financing Approval	July 2024
Board 2	September 2025
Board 3	September 2026
Construction Start	October 2026
Occupancy, likely in phases	Fall 2028 – Fall 2029

¹ Property & Planning Advisory Committee + Senate Academic Building Needs Committee

² Conditional approval subject to Provincial funding/financing approval

APPENDICES

1. Lower Mall Precinct Student Housing Redevelopment – Phase 1 – Campus Context Map
2. Preliminary Functional Program
3. Preliminary Capital Budget

PRESENTATIONS

1. Lower Mall Precinct Student Housing Redevelopment – Phase 1 – Board 1