

STUDENT HOUSING, CONFERENCES AND ACCOMMODATIONS & FOOD SERVICES GOVERNMENT BUSINESS ENTERPRISE PROPOSAL

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STUDENT HOUSING OVERVIEW

- UBC Student Housing currently has 13,476 student resident beds on its two campuses (11,796 in Vancouver and 1,680 in Kelowna)
- Average commute is over 40 minutes each way: causing waitlist for on-campus housing at UBC Vancouver to peak at over 6,200 and growing
- The high cost of off-campus housing is hampering current and prospective students' access to UBC
- Commute time continues to increase because of the lack of rapid transit with no improvements expected until 2025 (earliest), while students are seeking cheaper living arrangements further out. Even with rapid transit to UBCV, it is expected demand for on campus housing will remain high.
- International Student Demand: Growth in international enrollment and preference to stay on campus for full duration of study will continue putting pressure on supply
- Pricing principles for on-campus student housing includes providing rents at or below the Vancouver rental housing market price and aligned with peer universities from across Canada
- Current student housing residences are funded by borrowing from UBC endowment and working capital



STUDENT HOUSING GROWTH PLANS

- UBC Student Housing growth plans intend to tackle the waitlist and future demands by increasing approximately 6,300 beds on both campuses (including approved projects) in the next 10 years for a total of approximately 20,000 beds by 2028.
- Current Challenge:
 - Future funding from current sources will become increasingly difficult as demand for student residences continues to grow while competing with other priorities
 - Financing availability to accelerate student residence growth is constrained
 - Alternative financing is required
 - Latest Provincial Student Housing Initiative is insufficient to fund all other BC universities and colleges plus accelerate the growth plans of UBC student housing



FINANCING OPTIONS

UBC has explored numerous options, including the following to finance additional Student Housing:

1. UBC borrows directly from third party lenders or banks
 - Violates the Provincial moratorium on borrowing by universities
 - Debt / GDP ratio continues to be an important ratio for the Province
2. Public private partnerships
3. Equity investment in student housing
4. Financing from the UBC endowment
5. Government Business Enterprise (GBE)
6. Other



CRITERIA FOR ASSESSING POTENTIAL SOLUTIONS

- The following selection criteria were developed in collaboration with various stakeholders on campus including student representatives:
 1. Continue providing exceptional service to students while minimizing disruptions to students, current operations and employees
 2. No third party outsourcing of services currently provided by UBC
 3. Provide sufficient financing to expand and accelerate growth of UBC student housing
 4. Meet all requirements set by the Provincial government and other regulatory bodies



POTENTIAL SOLUTION

- Only one long-term practical solution has emerged in consultation with student representatives from UBC Board of Governors
- The University is contemplating establishing a Government Business Enterprise (GBE) to provide financing to accelerate construction of student housing
- At the outset, a GBE meets all of the selection criteria
- Work has been underway to understand the issues and the benefits of a GBE
- Additional work is required to determine if a GBE is feasible



WHAT IS A GOVERNMENT BUSINESS ENTERPRISE?

Definition of a Government Business Enterprise:

- A government business enterprise is an organization that has all of the following characteristics:
 - a) Separate legal entity from the University
 - b) Delegated the financial and operational authority
 - c) Sells goods and services outside of the government reporting entity (UBC is part of the government reporting entity)
 - d) Maintains its operations and meets its liabilities from revenues received from sources outside of the government reporting entity.



OBJECTIVES OF THE GBE

UBC's objective is to expand student housing on both campuses while delivering exceptional service to students

A Government Business Enterprise would:

1. Be established as a Trust for the benefit of UBC
 - UBC would be the beneficiary of the Trust
2. Expand and accelerate growth of student housing on both campuses
3. Sustain and enhance UBC through student housing, food and conference services
4. Improve student academic success and personal growth by supporting safe and secure communities where diversity and well-being are valued
5. Practice prudent fiscal and asset management to maintain high standards, attain future growth and support the academic mission of UBC



IMPACT TO KEY STAKEHOLDERS

Students

- Additional 6,300 new beds over the next 10 years
- Increase Residence Life student jobs
- Maintain rents at or below Vancouver and Okanagan rental housing market prices
- Student representation on the GBE Board of Directors

Current SHHS Staff

- A small number of senior positions would be transferred to the GBE
- All other current SHHS staff would remain employees of UBC

Current Unionized & Student Staff

- UBC remains the employer and maintains the bargaining relationship with the affected unions
- No impact to unionized and student employees
- Potential increase in jobs and career advancement due to anticipated accelerated growth of student residences

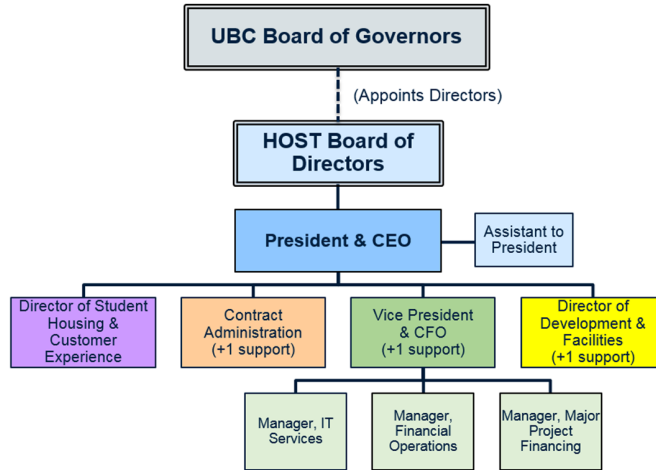


UBC'S RELATIONSHIP WITH GBE

1. Government Business Enterprise Board of Directors would be appointed by UBC
2. The Government Business Enterprise would comply with UBC policies set by UBC Board of Governors
3. Memorandum of Understanding would specify UBC's service standards and expectation of the Government Business Enterprise
4. Service agreement would govern the day to day operations provided by UBC Student Housing and Hospitality Services to the Government Business Enterprise, and would be reviewed and updated annually



GBE: PROPOSED ORGANIZATION STRUCTURE



Organizational Structure

- 12 staff members
- Proposed approach to start with relative small organization and hire additional resources as the organization grows

Organization structure developed based on following principles:

- Independent business authority and autonomy
- Ability to achieve core roles and responsibilities
- Service contracts with existing UBC providers
- Delineating the respective roles of GBE and service providers
- Smooth transition to the new operating model



POTENTIAL COMPOSITION OF GBE BOARD OF DIRECTORS

Total of 13 Board of Directors, majority external

Internal

1. UBC-V Student
2. UBC-O Student
3. UBC Executive – VP Students
4. UBC Executive – VP Finance & Operations
5. DVC or Designate, UBC-O
6. UBC Governor, Board of Governors

External

1. Student housing / residence life rep #1 (from another university)
2. Student housing / residence life rep #2 (from another university)
3. Hospitality rep – e.g. GM or senior mgmt. from VTCC / downtown hotel
4. Social housing rep – e.g. BC Housing
5. Finance specialist – e.g. banking, loan / mortgage specialist
6. Developer / Construction specialist – experience with social / affordable housing construction
7. Other with suitable skills

- Requirements of the Board may change over time and will be selected based on a skills matrix dependent on the needs of the organization

NEXT STEPS

- Continue technical evaluation including tax implications
- Seek Government permission to establish a Government Business Enterprise
- Seek Credit Rating Agency support
- UBC Board of Governors approval





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