



Enhancing Student Life

AMS and RHA Submission to Board of Governors regarding 20% proposed increase to 8-month contract housing fees

Dear John Montalbano and UBC Board of Governors,

On behalf of the Alma Mater Society (AMS) and Residence Hall Association (RHA) of UBC Vancouver, this submission is written for consideration regarding the proposed 20% increase in fees for 8-month housing contracts starting in Winter Session 2015, as a response to the information provided during the consultation process in meetings and on the consultation website. This submission will address concerns with the consultation process, the AMS's and RHA's opposition to the proposals, proposed allocation and steps moving forward.

Consultation Process

The AMS and RHA have several concerns about the consultation process. Many of these are the same concerns expressed during the recent tuition increase consultation process, and because these concerns have already been expressed, we will not go into detail about them. We are appreciative that in this case there was more time between the announcement of the increase and when the decision was brought to the Board of Governors. This allowed more time for the AMS and RHA to get all of our questions answered. However, we believe much of the information we requested should have been available at the start of the consultation process, allowing us to properly inform our students. Informing and consulting our students was also made more difficult by the fact that both the tuition consultation process and the housing fee processes were occurring at the same time, and there was significant confusion amongst students about the differences between the two proposals, and their slightly different consultation processes.

The most significant concern that we have regarding this consultation is that there is no official consultation process paralleling what Policy 71 requires for tuition, rendering the housing consultation process quite ad hoc. Originally, there was to be no consultation with students at large, only with student leaders, but when we requested this, it was added onto the tuition process. Therefore the website and the town halls were for both tuition and housing. As stated before, this created confusion. We appreciate that the university administration decided to go through a consultation process with students for this increase, and that the AMS and RHA will be given an opportunity to speak directly to the Board on this matter, despite this not being mandated. However, we believe that consultation processes should be mandated and described in policy. This could be achieved either by mirroring Policy 71 with a policy specifically on housing, or through adding housing fee increases to the scope of Policy 71.

Proposal

The proposal for an increase of 20% to 8-month Winter Term housing fees has not been justified by the university administration. Students have continually expressed concerns about housing affordability both on and off campus, and this increase will only aggravate this problem. In the Academic Experience Survey conducted in the spring of 2014, before this increase was proposed, only 7% of students agreed or strongly agreed with the statement “There is an adequate amount of affordable housing on campus.” Students have been vocal in opposition to this proposal, and the AMS and RHA have both taken official stances against the increase. The Board of Governors has also acknowledged the severity of the lack of affordable housing for staff, faculty and students through its Housing Action Plan, and the proposed increase will be breaking commitments made within the plan. Specifically, Policy 11 of the Housing Action Plan reads:

To help address housing affordability concerns for students, the University will increase on-campus dedicated student housing supply, will continue to limit rental rates based on a self-supporting, fully cost-recovery basis, and will operate in a fiscally responsible fashion to ensure rates are maintained at or below market rental rates.

This proposal breaks the Board of Governors’ requirements within the Housing Action Plan in two ways: firstly, SHHS will not be limiting their fees on a cost-recovery basis, and secondly, rates will not be at or below market rental rates.

Cost-Recovery

The proposed allocation for the housing fee increase lays out four areas where new revenue will go: housing growth (\$1.5 million), capital projects related to residence dining halls (\$900,000), financial aid (\$1.4 million), and student services (\$2.5 million). It is inappropriate for the small portion of students in housing to be paying for student services that will be accessible to all students, and it violates Policy 11. When asked whether it is appropriate for some students to be paying for something that is needed by all, Louise Cowin indicated that student services are a huge priority to the VP Students Office, and that they are severely under-funded, but that this is the only way they foresee being able to properly fund these services. The AMS and RHA agree that student services, especially those related to student mental health, are of vital importance, but think it is absolutely inappropriate for some students to pay for services that are needed by all. If UBC prioritizes student wellbeing as is generally expressed, another way to properly fund services must be found.

This model of funding breaks the policy of “limit[ing] rental rates based on a self-supporting, fully cost-recovery basis,” since revenues will be surpassing actual costs, the opposite of limiting rates while still covering costs. The dividend to the University may already break this requirement, as this AMS report from 2012 states:

As the sole source of revenue for the student housing department is rent, student renters are paying a significant amount of money to UBC central administration that is above and beyond the costs associated with student housing.

The dividend to the University will increase from \$2.4 million in 2014/2015 to \$6.4 million in 2016/2017, with increases for inflation following. With this even greater dividend being paid to the University for student services, the rates will certainly be violating policy 11 as SHHS will no longer be “limit[ing] rental rates based on a self-supporting, fully cost-recovery basis.”

Market Value

Policy 11 of the Housing Action Plan provides the main criteria for determining the affordability of student housing, that housing is provided “at or below market rates.” The recent proposal to increase the fees has brought to light how problematic it is for this to be the sole criteria of affordability, as a comparison between UBC Housing and market housing is difficult to accomplish accurately.

For the market value comparison to be meaningful, it must be measurable across a number of factors that were not accounted for accurately in UBC’s comparison of their housing prices to market rates. SHHS has used data from the 2014 Housing Demand Study to create a measure of market value prices for housing. However, the study neglects direct comparison between on- and off-campus options amongst key factors, including square footage, number of roommates, and conditions of housing, amongst other things. Importantly, while it is perhaps possible to compare on-campus apartment style housing to off-campus options, there is no market comparator for dorm style housing. Another important consideration is the fact that:

SHHS does not have to pay for the land on which it develops its housing facilities, [and that] SHHS is further exempt from paying property taxes. The unique conditions in which SHHS builds housing makes it distinct from other developers in its cost and benefit analysis. This privilege means that SHHS is not facing one important market factor, and this benefit should be incorporated into the ‘market rate’ calculation.

Beyond these issues with using market price as the determinant for student housing, further inspection of the Housing Demand Study brought to light some concerns with both methodology of the survey and interpretation of the data by SHHS. The two major concerns are in regards to utilities and apartment style vs. traditional dorm. Taking these things into account, it is clear that the increased housing prices will not be at or below market value.

Utilities

When the proposal was first presented, SHHS used a map they had created using data from the Housing Demand Study, with supposed average market prices for different regions of Vancouver. However, within this map they added an additional \$60 to the data found in the Housing Demand Study to cover the cost of utilities in off-campus housing, due to 92% of off-campus respondents giving no response when asked for the cost of their utilities.

However, the original survey explicitly instructed respondents to leave the utilities section blank if their rent included the cost of utilities. Given that 92% of respondents left a blank response, indicating they paid \$0 beyond their own rent, it is extremely concerning that additional costs were then added onto the reported rental rates. Thus, the market comparator rate was inflated by \$60 per month, and the original values in the Housing Demand Study report are more appropriate values to be using when comparing rates.

Apartment Style vs. Traditional Dorm

In this the Housing Demand Study, in comparing affordability, SHHS was using an average price per month for traditional dormitory style units and comparing them to houses, apartments, and garden and basement suites. Given that a significant portion of UBC's 8-month contracts are not in traditional style housing, we feel that this is an unfair comparison to make. In doing so, they are comparing off-campus housing options with suites that are primarily single or shared bedrooms without facilities like kitchens, private bathrooms, etc. No comparison was provided between on-campus apartment style housing and off-campus options. When an average for apartment style housing in UBC Residence is compared to the prices of similar housing as reported in the Housing Demand Study, it becomes apparent that the rates will not meet the requirements to be "at or below" market rates after the proposed increases.



While the map above does separate out traditional dorm style and apartment style housing, the average price for apartment style housing includes year round contracts. In order to get an accurate sense of what apartment style prices would be both before and after the proposed increases, a weighted average for Winter Session contracts is necessary. Based on data provided to us by Andrew Parr and taken from the UBC Housing website, we calculated an approximate average for apartment style Winter Session contracts to be \$733.74/month. A full breakdown can be accessed in the appendix of this submission. Please note that there is a small margin of error on this value, as access to some specific details was limited (e.g. number of large studios vs. regular studios).

If the proposed 20% increase goes through, the weighted average price for apartment style housing will increase to \$880.49. Even accounting for a small margin of error, these increases will bring rent significantly above the market price as UBC has chosen to define it, therefore breaking the requirement for rent to be "at or below market rates".

Conclusion

Through our analysis of the Housing Demand Study, it is clear that UBC will not meet their commitment to keep housing prices at or below market value. The main concerns with the study are the inflated proposed “market prices” of non-UBC housing and the comparison of dormitory style housing with off-campus apartments, houses and suites. When a comparison of apartment style residences with off-campus housing is done, the numbers demonstrate that with the increase residence will be above market prices, since the average Winter-Session housing will have a rent of \$880 while off-campus options range from an average of \$682 (zone 7) to \$850 (zone 1).

Given the fact that a large portion of the new revenue generated from students living in 8-month housing will be returning to university-wide services, it is also apparent that costs are not being limited based on a cost-recovery basis for SHHS. Therefore, because the University will be breaking its own commitments within the Housing Action Plan, we do not feel that it is appropriate for the Board of Governors to approve these proposed 20% increases.

In the case that this increase should be deemed necessary, we feel a more appropriate solution would be to spread the increase over an increased time span of 2-3 years, rather than the entire increase happening at once. Because this increase is occurring all at once, and will impact students already at UBC, it will create a significant problem for students in terms of financial planning. For the recent increase in International Tuition, the Board acknowledged the detrimental impact of current students having an unexpected increase during their degree, and therefore only implemented the increase for new incoming students. Residence is considered a vital part of the University experience, and therefore we request the same consideration of students’ financial planning through a slower implementation. As well, following the completion of the increases, the Board of Governor’s should provide a guarantee that UBC monthly rent will not increase beyond the level set out by the Residential Tenancy Act, as this is designed to reflect the inflations in housing costs.

Finally, we would request the Board of Governors to consider how consultation is done with students on housing fee increases, and create a policy that mandates student consultation on housing fee increases that mirrors Policy 71.

Sincerely,



Anne Kessler
VP Academic & University Affairs
Alma Mater Society



Kaitlyn Melton
President
Residence Hall Association

Appendix

<i>Residence Area</i>	<i>Unit Type</i>	<i># of Units</i>	<i># of Beds</i>	<i>2014 Monthly Rent per Bed</i>
Totem	Shared room	289	578	\$527.25
	Single Room	598	598	\$604.125
	Large single	30	30	\$648.25
	Connected single	540	540	\$671.75
	Single w/ priv. bath	16	16	\$725.25
Vanier	Single	684	684	\$604.13
	Single Tec/KU	405	405	\$648.25
	Shared	183	366	\$527.25
Total Dorm Style	All	2745	3217	\$599.49 (weighted avg)
Gage	shared 6/8 person	193	1160	\$686.63
	Shared 2 bed	4	8	\$755.88
	1-bed	71	71	\$1250
	studio	96	96	\$940
Rits	Shared 4 person	50	200	\$686.63
	1 bed	5	5	\$1114.88
Fairview Crescent	Shared 4/5/6	182	764	\$682.29
	1 bed	8	8	\$1153.25
Marine Dr. Bldg 5	Shared 3/4 bed	75	294	\$810.38
	Shared 2 bed	3	6	\$979.13
	Studio	68	68	\$990.88
Total Apartment Style	All	755	2680	\$733.74 (weighted avg)