



## University of Toronto Mississauga

MISSISSAUGA, ONTARIO

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### Focus 15

Student Housing Master Plan

## Introduction

The University of Toronto Mississauga (UTM, or the “University”) engaged The Scion Group Services ULC (Scion) to develop a Student Housing Master Plan in partnership with Ernst & Young Orenda Corporate Finance Inc. (EY) and Hanscomb. This document includes an analysis of the current market and demand for student housing, facilities analysis, suggested program for housing, a financial analysis and resulting recommendations.

In preparing this report, Scion was asked to assess students’ accommodation interests and preferences. Research included administering an online student survey; conducting student focus group sessions; interviewing University stakeholders; examining the off campus rental housing market; reviewing student residence options at the institutions with which UTM competes for student enrolment; and conducting workshops with University stakeholders around the vision for residence life, potential housing program and delivery models. Our team appreciates the opportunity to have prepared this report and to assist the University with this important project.

## Observations

Based on its analysis, Scion has several observations regarding demand and preferences for University of Toronto Mississauga student residences. Notably, student demand is based on current market conditions and student perceptions. If new or renovated campus housing is achieved and students can actually experience it as a resident or guest, demand and preferences are likely to change and should be reassessed.

**Housing at UTM both supports and is supported by the goals and mission of the University.** The 2011 *Campus Master Plan* underscores the importance of housing to UTM as “an essential part of its academic offering” and includes “maintain[ing] quality housing options on the UTM campus to accommodate the range of the student population as enrolment increases” as a priority. Further, Student Housing and Residence Life includes advancing the mission of the University as one of its reasons for existence.

Early in the planning process, a visioning workshop was conducted to gain consensus on issues of eligibility, priority and capacity as well as on purpose, future direction and defining characteristics of UTM campus housing. **As the future of the residences is considered, the question of who should be served by UTM residences takes on critical importance.** Both the *Campus Master Plan* and feedback from the visioning workshop suggest that the residence system at UTM should be equipped to meet the needs of students from first year undergraduates to graduate students and both single students and those living with a family. The wide range of cohorts who might be interested in utilizing the residences presents an equally wide range of needs and priorities which may not always complement one another.

Undergraduate enrolment at UTM increased by 14% from Fall 2013 to Fall 2015, growing from 10,816

to 12,335 full time students during that time, and the University projects an 8% enrolment increase over the following six years, reaching a total of 14,060 full time undergraduate students by 2021. Most first year undergraduate students are from Mississauga, Toronto, and nearby areas such as Malton, Brampton, Oakville and Etobicoke.

UTM has eight residences housing first year undergraduate, upper year undergraduate, graduate and professional students, and students living with a spouse/partner or child (family students). Three unit types are available: semi-suite (two single bedrooms with a semi-private washroom), apartment style (four single bedrooms with two semi-private washrooms, living area and a kitchen), and townhouse style (bachelor, three- and four-bedroom units with a living room and full kitchen). Graduate occupancy rates often decrease in the second term as those with four-month housing agreements move out of residence. Capacity and occupancy for each residence is shown in *Table 1* and *Table 2*. As of October 24, 2016, there were 13 graduate students and one student family on the waitlist for a space in residence.

Building Name	Unit Type	Operating Capacity <sup>1</sup>	Current Occupancy <sup>2</sup>
<b>Single Student Housing (by the bed)</b>			
<b>Semi-suite – First Year Undergraduate</b>			
Oscar Peterson Hall	Two single bedrooms and one washroom	398	100%
<b>Apartment Style – Upper Year Undergraduate</b>			
Erindale Hall	Four single bedrooms and two washrooms	89	100%
Roy Ivor Hall		184	100%
<b>Townhouse Style – First Year and Upper Year Undergraduate</b>			
McLuhan Court	Four single bedrooms with one washroom	144	95%
Putnam Place		96	97%
Leacock Lane		128	97%
Schreiberwood		24	100%
MaGrath Valley	Two stacked private units, each with two single bedrooms and one washroom	136	99%
	Shared bedrooms	48	88%

Table 1: UTM Residences – Capacity and Occupancy

<sup>1</sup> Operating capacity for the 2016-17 academic year as provided by the University. Does not include beds allocated to student staff.

<sup>2</sup> Current occupancy as of October 24, 2016.

Building Name	Unit Type	Operating Capacity <sup>3</sup>	Current Occupancy <sup>4</sup>
<b>Townhouse Style – Graduate</b>			
Schreiberwood	Bachelor units	30	93%
<b>Family Housing (by the unit)</b>			
<b>Townhouse Style</b>			
Schreiberwood	Three- and four-bedroom units	35	88%

**Table 2: UTM Residences – Capacity and Occupancy, cont.**

Hanscomb and Scion performed a visual inspection of the UTM residences in January 2016 and over several days in May 2016 for the purposes of assessing the state of the residence facilities and resulting necessary renovations and enhancements, and to provide context to the existing facility analysis report. A sampling of rooms in each residence were visited including 22% of Oscar Peterson units, 10% of Erindale, 10% of Roy Ivor, 11% of McLuhan, 16% of Putnam, 16% of Leacock, 5% of MaGrath, and 7.5% of the larger and 10% of the bachelor Schreiberwood units. Following these inspections and in cooperation with University stakeholders, a recommended scope of renovations and enhancements was developed for each residence, as summarized in *Table 3*, *Table 4* and *Table 5*.

**Undergraduate students living in residence rent by the bed for the academic year.** In 2015-16, first year undergraduate students living in residence paid \$8,308 per academic year and upper year undergraduate students pay \$8,113 or \$9,017 per year depending on community. **Graduate students living in residence rent by the semester and family students have a 12-month contract, both paying monthly.** In 2015-16, graduate students paid \$906 to \$952 per month depending on the size of their bachelor unit. Family students paid \$1,512 for a three-bedroom apartment or \$1,568 for a four-bedroom apartment.

**Considering forecasted enrolment growth and current residence occupancy by first year, international and exchange students, there will be fewer than 15 beds available for students not covered by a residence guarantee by academic year 2019-20; by 2021-22, available beds for single students not included in the housing guarantees will drop to less than 5.** The first year housing guarantee applies to all new full time students entering the University for their first time in an undergraduate program. The undergraduate international guarantee provides four years of housing for international undergraduate students who meet specific criteria and maintain on-campus residency for the four years of study. All students accepted into UTM's exchange programs are guaranteed housing throughout their program.

<sup>3</sup> Operating capacity for the 2016-17 academic year as provided by the University. Does not include beds allocated to student staff.

<sup>4</sup> Current occupancy as of October 24, 2016.

A survey of UTM students was conducted from January 13 to 28, 2016; 447 non-duplicate responses were received; 409 responses were received from undergraduates and 38 responses were received from full-time graduate, professional and Mississauga Academy of Medicine (MAM) students.

**Single undergraduate survey respondents are satisfied with their current housing;** nearly three-quarters of all undergraduate respondents report that they are very satisfied or satisfied and two-thirds of single undergraduates living in residence report they are satisfied or very satisfied. Students living in Oscar Peterson Hall have the highest percentage of respondents reporting that they are satisfied or very satisfied (88%), followed by residents of Erindale (75%). **Family students are also satisfied with their housing;** nearly three-quarters of respondents report that they are very satisfied or satisfied.

**The most important decision making factors for single undergraduate students when considering where to live are cost, location/proximity to campus, a private bedroom and safety/security.**

Reliable and high-speed Internet, temperature control, semi-private bathrooms and a convenient meal hall were ranked as the most important elements of a new or renovated UTM residence. **The most important decision making factors for family students are cost, safety/security and all-inclusive billing** and the most important aspects of a new or renovated residence are reliable and high-speed Internet, laundry facilities in the building, temperature control within rooms or units and individual/small study rooms.

**More than 90% of single undergraduate and family student survey respondents believe that new or renovated residences on the UTM campus will be important in attracting and retaining students in the future.** Housing is seen as particularly important for first year students: nearly 80% of single undergraduate students currently living in residence and more than 60% of single undergraduate students who have previously lived in residence believe that first year students should live in residence.

In addition to the quantitative survey data, qualitative student data was collected through focus group sessions. A range of themes emerged from these discussions, including:

- The benefits of living in residence including **the sense of community, programming and support systems, convenience and the opportunity to meet other students**
- A **desire among students for increased and improved community spaces** such as study lounges and kitchens
- A need for **improvements to the townhouse facilities**, especially for the laundry rooms
- Issues related to term break housing and move-out dates, especially for international students
- A desire for private bedrooms coupled with some degree of **cost sensitivity** among students, including some students who report that the cost of living in residence was prohibitive for them

**In addition to strong demand among single undergraduate for the existing University housing, there is interest in new student residences.** For single students, Scion tested semi-suite, suite and

apartment unit types. For students living with a spouse, partner or child, Scion tested studio, one-, two- and three-bedroom apartment units. All unit types were tested with potential rental price ranges in order to determine both unit type interest and value. **Considering the anticipated Fall 2017 first year student applications and yield provided by the University in August 2016, projected demand for new or renovated single student residences on the UTM campus is projected to rise to 2,088 beds by the 2021-22 academic year.**

The projected demand for more beds than are currently occupied indicates the extent to which UTM could attract more students to live on campus (and potentially to matriculate to UTM) were new or renovated student residences available. Single undergraduates appear to place the most value on three-bedroom apartments, followed by four-bedroom apartments and suite style units. **Current demand from family students is for 109 to 191 new or renovated apartment style units, rising to 124 to 218 units by the 2021-22 academic year.** Family students appear to place the most value in one-bedroom and studio apartments. Notably, student demand is based on current market conditions and student perceptions. If new or significantly renovated residences are achieved and students can actually experience it as a resident or guest, demand and preferences are likely to change and should be reassessed.

**The four institutions with which the University competes for student enrolment considered in this analysis all offer housing for undergraduate and graduate students, and three of the four institutions offer housing for family students.** A wide range of unit types, pricing, amenities and policies are represented.

Available rental properties in the Mississauga area offer a range of quality, unit type and amenities. Many offer “by the bed” leases and furnished units, and include electricity, cable television or Internet in the advertised rent. The primary areas considered in this analysis are in the area of Square One and the South Commons Mall. Scion analyzed the rates and amenities of 48 rental properties; median monthly rental rates range from \$600 per person for a private bedroom in a three-bedroom single family home to \$1,148 for a one-bedroom apartment, when rates are adjusted to include furniture, electric, cable television and Internet (such as would be found in UTM residences).

### **Recommendations**

Scion has developed several recommendations and considerations for student residences on the UTM campus. Taking into account the analysis of the market and demand for student residences, the visioning and programming workshops, conversations with University stakeholders and a review of program concepts with Student Housing and Residence Life leadership, the Scion team developed a number of guiding principles and standards for UTM Residences to inform and serve as a foundation for the program plan and the Housing Master Plan itself.

### Guiding Principles

- **Continue housing guarantees** – The existing housing guarantees for first year, international and exchange students should continue to exist and will need to be honored for the foreseeable future. The growth of the first year student class, and the need to accommodate them, creates the risk that upper year undergraduate students will be gradually displaced from campus residences if space is not created to accommodate both cohorts. Although it impacts a smaller percentage of the residence population, the international student guarantee is important both for those international students who choose to stay in residence for four years, and as an incentive for international students who may be considering enrolling at UTM.
- **Focus on first year students** – While the current residence experience seems to be generally positive and the first year housing guarantee by its nature results in a focus on first year students, creating an intentional first year community would enhance the student experience and create additional opportunities for student development.
- **Need for facility improvements** – Although the UTM residences are generally well maintained, the townhouses are aging facilities with a range of improvement needs as described in the *Facilities Analysis*. Making the shift to assigning first year students to buildings and upper year students to the townhouses will be a much more attractive prospect for those upper year students if the facilities are improved.
- **Space allocated for undergraduate, graduate and family students** – UTM should continue to accommodate the same student cohorts as have historically been accommodated, with some changes to occupancy management strategies.
- **Appropriate privacy and independence** – Each student cohort should have access to appropriate levels of privacy and independence for that cohort. Developing an appropriate mix of unit types is instrumental in creating a residence system aligned with student preferences and institutional enrolment management and learning outcome priorities. Residences should provide a spectrum on which students can place themselves according to age, support needs and cost concerns. The components of a tiered structure should provide increasing levels of independence and privacy along with decreasing ratios of on-site staff as students move through the residence system, predicated on the expectation that residents assume higher degrees of responsibility for behavior as they mature during their university experience; this approach is generally more appealing to students, encouraging both recruitment and retention. This concept is supported by housing first year students living predominately in buildings and upper year students living predominately in townhouses. If double rooms are offered, they should be geared toward first year rather than upper year students, as space allows.
- **Support for University mission** – Student Housing and Residence Life exists to advance the mission of the University, as described in the *SHRL Playbook*. This is accomplished by “creating a holistic student experience that promotes academic and personal success” by providing “facilities that are safe and secure, well-maintained, and competitively priced.”

### Standards for UTM Residences

- All residences should feature semi-private washrooms
- The residence inventory should be comprised primarily of private bedrooms
- No bedrooms should be more than double occupancy
- First year student buildings should have community spaces such as lounges and study areas
- First year residents should have access to a community kitchen
- Laundry facilities should be easily accessible and close to the residence
- Residence rental rates should be competitive with the local rental market
- The rental rate structure for the residences should be easy to understand.
- Residences used in the summer should be air conditioned

In addition to the guiding principles and standards described above, Scion proposes the following recommendations for University consideration. These recommendations are based on Scion's observations and analysis, conversations with University stakeholders, review of data, information provided by UTM and experience on dozens of similar campuses.

### Programming / Policies

- The first year, four year international and exchange student housing guarantees should be maintained. Each of these guarantees comes with certain conditions, such as applying by a deadline.
- SHRL should prioritize access to residence for first year and upper year undergraduates, and additional occupancy management strategies should be implemented to support this; graduate and family students should continue to have access to UTM residences to the extent possible.
- Programming such as the new Living Learning Community should be supported and expansion considered following evaluation of the first year of the program.
- The approach for offering double occupancy rooms should be considered further in order to ease some of the existing capacity constraints and offer students a lower cost option for residence. Scion understands that SHRL is pursuing an assessment of code compliance for creating double occupancy spaces and agrees with this course of action. As a general rule of thumb, a room designed to be single occupancy which is offered for double occupancy should represent a 40% savings per bed from the single room rate.
- First year students should be assigned to building-style residences and upper year students primarily to townhouse communities (until a new apartment building can be delivered for upper year students); and first year students should be clustered near dining venues and one another.



- Family students should remain in Schreiberwood. Graduate students should be placed in the bachelor units in Schreiberwood or housed in upper year undergraduate communities, clustered together with other graduate students to the extent possible.
- All single students be required to contract for the entire academic year. Family housing should continue to be contracted on a 12-month basis.
- There should be no significant decrease in capacity during renovation/construction activity.

#### Facilities

- Scion recommends clustering first year students near one another and Colman Commons, and targeting multi-level buildings for first year students; buildings allow more opportunities for interaction with peers and higher levels of student staff ratios can be more easily achieved.
- Enhancing and modernizing the townhomes to create more appealing accommodations for returning students is recommended. It is apparent from student and staff feedback that physical improvements to the townhouse communities are necessary to make them an appealing option – particularly for upper year students. The replacement of the laundry facilities and creation of community spaces are priority improvements for the townhouse communities.
- A community kitchen should be added to Oscar Peterson Hall.
- Unmet demand should be addressed through the delivery of two new residences: a 380 bed semi-suite style (single and double occupancy rooms with attached washrooms) residence for first year students and a 350 bed apartment style residence offering two-bedroom/one-bathroom and four-bedroom/two-bathroom units with single bedrooms for upper year students. The first year building is recommended to be located on “Site A” – a combination of the empty land adjacent to Schreiberwood and the northern-most row of Schreiberwood townhouses; the upper year building is recommended to be located on “Site B” – currently Parking Lot 5.
- The Schreiberwood bachelor units remaining after the northernmost row of Schreiberwood is demolished should be assigned to single graduate students. The possibility of renovations to create more user-friendly bathroom space and additional storage should be explored to improve these units.
- Phasing of the recommended program plan assumes that renovations to buildings are to be completed over the course of a summer, with approximately one-third of the scope described in the facility analysis and cost estimating to be completed each summer. Renovations to townhouses are to be completed over a period from the close of the residences in May to opening in the Fall a year later, allowing approximately 15 months for completion; the one exception to this is Schreiberwood, which will be addressed over three years, renovating one third of the community at a time in order to minimize disruptions to family housing. The planning phase for new residences and renovations is assumed to take 12 months; construction of new buildings is assumed to take two years and renovations to take 15 months.

- Scion recommends that planning for new residences and renovations begin as soon as possible to allow time for the UTM approval process without delaying projects. Due to projected year over year cost escalation, the longer it takes to start a project, the more expensive that project will be to execute. If projects can be started earlier than planned, some cost savings may be available.
- Scion recommends that the University explore other options may be available should the existing residences become insufficient to meet the housing guarantees. Options may include master leasing an off campus apartment community or suspending some of the guarantees.

### Recommended Program

Based on demand, existing capacity and the preceding principles, considerations and recommendations, Scion has established the following recommended program plan (summarized in *Table 5* and *Table 5* below), which results in 1,097 beds allocated to first year students, 1,030 beds allocated to upper year undergraduate and graduate students and 31 units allocated to family students. The program calls for first year students to be placed in building-style accommodations and upper year students primarily in townhouse communities (until a new apartment building can be delivered for upper year students). Roy Ivor is allocated to both upper year and first year students in order to enable some upper year students to live in a building style residence in order to promote continued upper year interest in living in residence before a new upper year residence is available and the townhouse renovations are completed. Family students remain in Schreiberwood and graduate students are placed in the bachelor units in Schreiberwood or housed in upper year undergraduate communities. These cohort assignments will result in an unmet demand of 330 beds for first year students and 350 beds for upper year and graduate students, which can be addressed through the creation of two new residences, as shown below in the program plan summary.

Two categories of work are contemplated for the existing residences: 1) renovations including work determined by the existing facility analysis, the site inspections conducted by the Scion team and conversations with UTM stakeholders and; 2) enhancements intended to improve the experience of residents. Additionally, previously capitalized major maintenance items are included in the program based on information provided by the University.

OPH, Erindale and Roy Ivor renovations are to be completed over the course of three summers each, addressing one-third of the building in each summer. Schreiberwood renovations are to be performed for one-third of the community at a time over three years. The northernmost row of Schreiberwood is to be demolished to create space for the new first year residence.

Residence	Cohort Housed	Resulting Capacity	Scope	Term(s) Work is Performed
<b>Single Student Housing (By the Bed)</b>				
Oscar Peterson	First Year	424	<b>Enhance:</b> add community kitchen to sixth floor lounge <b>Renovate:</b> interior partitions and doors, finishes; fittings and equipment; mechanical; electrical <b>Major Maintenance:</b> chiller replacement	Summer 17; Summer 27 - Summer 29
Erindale		197	<b>Renovate:</b> interior partitions and doors, finishes; fittings and equipment; mechanical; electrical <b>Major Maintenance:</b> new finishes, flooring and furniture for residential floors prior to reclaiming office floors for residential use; communications, security and fire alarm; control instrumentation replacement	2017 – 18; 2019 – 20; Summer 24 – Summer 26
Roy Ivor		96	<b>Enhance:</b> Enclose laundry area and create community space <b>Renovate:</b> roofing repair; interior partitions and doors, finishes; fittings and equipment; mechanical; electrical <b>Major Maintenance:</b> roof replacement, fire device replacement, heating/cooling units, IT distribution centers, electrical lighting and branching	2018 – 19; 2019 – 20 Summer 24 – Summer 26
	Upper Year	96		

Table 3: Program Plan Summary

Residence	Cohort Housed	Resulting Capacity	Scope	Term Work is Performed
<b>Single Student Housing (By the Bed)</b>				
McLuhan	Upper Year Graduate	148	<b>Enhance:</b> Create community center with laundry <b>Renovate:</b> exterior wall finishes, windows and doors; roofing; interior partitions and doors, finishes; fittings and equipment; mechanical; electrical; asbestos abatement	Summer 21 – Summer 22
Putnam	Upper Year Graduate	100	<b>Enhance:</b> Create community center with laundry facilities <b>Renovate:</b> exterior wall finishes, windows and doors; roofing; interior partitions and doors, finishes; fittings and equipment; mechanical; electrical; asbestos abatement	Summer 18 – Summer 19
Leacock		140	<b>Renovate:</b> exterior wall finishes, windows and doors; roofing; interior partitions and doors, finishes; fittings and equipment; mechanical; electrical; site work; asbestos abatement <b>Major Maintenance:</b> paving, lighting upgrades, softscape	Summer 19 – Summer 20
MaGrath		169	<b>Enhance:</b> Expand existing community center and laundry facilities <b>Renovate:</b> exterior wall finishes, windows and doors; roofing; interior partitions and doors, finishes; fittings and equipment; mechanical; electrical; site work; asbestos abatement	Summer 23 – Summer 24
Schreiberwood	Graduate	27	<b>Renovate:</b> exterior wall finishes, windows and doors; roofing; interior partitions and doors, finishes; fittings and equipment; mechanical; electrical; site work; asbestos abatement	Summer 19 – Summer 21
New Residences	First Year	380	<b>Build new:</b> semi-suite (single or double occupancy bedroom with attached washroom) residence	Fall 19 – Summer 21
	Upper Year Graduate	350	<b>Build new:</b> apartment (double occupancy two-bed/one-bath and quad occupancy four-bed/two-bath units) residence	Fall 21 – Summer 23

Table 4: Program Plan Summary, cont.

Residence	Cohort Housed	Resulting Capacity	Scope	Term Work is Performed
<b>Family Student Housing (By the Unit)</b>				
Schreiberwood	Family	31	<b>Enhance:</b> create at-grade laundry room; <b>add air conditioning</b> <b>Renovate:</b> exterior wall finishes, windows and doors; roofing; interior partitions and doors, finishes; fittings and equipment; mechanical; electrical; site work; asbestos abatement <b>Major Maintenance:</b> paving, lighting upgrades, walkway repairs, softscape	2020 – 21; Summer 19 – Summer 21

Table 5: Program Plan Summary, cont.

### Financial Analysis

Scion and EY developed a cash flow financial model of the UTM residence portfolio and the implementation of the *Housing Master Plan* as recommended above and included in the supporting documentation.

The model examines the impact of the Housing Plan on the free cash flow of UTM's housing operation over a 15 year period and identifies the borrowing levels required. The cash flow projection is based on financial information provided by UTM about the current residence portfolio, recommendations contained in the Housing Plan and corresponding assumptions and conditions for the projected cash flows. The cash flow projection includes projected residence dues, expenses, renovations and enhancement costs and debt repayments from 2016 to 2031. Financial modelling assumptions include the following (*Table 6*).

<b>Financial Modelling Assumptions</b>	
Model Start Date	May 1, 2016
Construction Cost Escalation	3.0%
Cost Estimate Base Year	2016
Planning, Design & Development Cost	15.0%
UTM Project Management Cost	3.0%

Table 6: Financial Modeling Assumptions

The cash flow projections for the UTM Model were separated between Current Operations and New Residences.

**Current operations:** Operating expenses were projected by extracting all cash expenses from the fiscal year end 2016 financial statements and applying the growth rate from fiscal years 2013-2016. The

existing mortgage repayment schedule for principal repayment and interest repayment were supplied by UTM and used in the cash flow projections. Assumptions related to existing operations and revenue include the following (*Table 7*).

Rates	%
Rental Rate – Growth Rate	5.0%
Occupancy Rate Prior to 2017-18	96%
Occupancy Rate After 2017-18	98.0%
Dons / Deans	5.6%

**Table 7: Current Operations Revenue Assumptions**

**New residences:** For the purposes of calculating revenue and expenses for the new residences, the new first year residence was assumed to operate similarly to Oscar Peterson Hall, and the new upper year residence was assumed to operate similarly to Erindale Hall due to the overall size of each residence and the student cohort housed in each residence. The cash flow for both new residences was calculated by subtracting the expenses from the projected revenue. A summary of assumptions related to revenue from the new residences follows in *Table 8*.

Regular Fall / Winter Revenue	
Occupancy Factor (Year 1)	92.0%
Occupancy Factor (Year 2)	95.0%
Occupancy Factor (Year 3 Onwards)	98.0%
New First Year Residence Rental Rates	\$8,690 per academic year
New First Year Residence Capacity (Beds)	380
New Upper Year Residence Rental Rates	\$9,639 per academic year
New Upper Year Residence Capacity (Beds)	350
Residence Rates - Growth	5.0%

**Table 8: New Residence Revenue Assumptions**

**Cash flow:** An aggregate cash flow forecast was developed by combining the revenues and expenses of the current operations and the new residences to arrive at an aggregate annual free cash flow figure. The cost of the Major Maintenance, Enhancement and Renovation projects combined with the revenue generated by the new residences results in positive cash flows generated in 2025.

UTM advised EY on the various funding options available to address the cash flow shortfalls generated by the implementation of the Housing Plan. Using these funding options, EY developed a borrowing strategy using:

- Internally sourced construction loans through the University of Toronto (“Construction Loans”)
- Conventional mortgages (“Mortgages”)

- A revolving line of credit (“Revolver”)

To address the cash flow shortfalls generated from the construction of the new residences, it is assumed that UTM will secure Construction Loans equal to the amount of the development and capital costs of the new residences from the University of Toronto. These Construction Loans are drawn down as needed during the planning, approval and construction process for each new residence and are assumed to be interest free during the construction period. Upon substantial completion of each new residence, it is assumed that the University will refinance the Construction Loans with Mortgages sourced from the financial market. The Revolver is used to address any additional short falls generated from the implementation of the Housing Plan and is assumed to be repaid with free cash flow when available. It is also assumed that the University would utilize funds generated through regular operations and fund additional cash flow shortfalls using internal loans from the University of Toronto and other mortgage loans secured from the financial markets. With the new residences funded through the Construction Loans and Mortgages separately, the Revolver is used to address all other funding shortfalls as required.

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