



The preceding principles and components set out the conditions whereby new development can occur. Such development should occur slowly and incrementally within the recommended framework. Translation of the objectives into finished projects requires several further steps, however, and the final section sets out more detailed management principles for the administration of proposed development.

This is not intended to be a static document but one that constitutes a dynamic guide to the management of the University's buildings and property. A well-defined process of implementation is an essential concomitant of the Plan and should be guided by the following principles and procedures.

### 6.1 DEVELOPMENT PRINCIPLES

In considering the range of development proposals, land uses and development mechanisms discussed above, the University needs more specific development principles to guide its decisions. The key principles are outlined below.

#### 6.1.1 Maintenance of University Control over the Property Asset

The property of the University is treated herein as a public trust and a long-term endowment for the furtherance of academic goals. In this respect the University is not a conventional real estate developer since both its purposes and longevity are unique.

The University has indicated a preference for retention of freehold ownership of all of its properties. However, it has acknowledged that there may be circumstances whereby the development of an otherwise desirable project, in full compliance with all other Master Plan criteria, may be contingent upon the sale of small portions of University lands. The University wishes to be able to judge the leasehold/sale issue on a case-by-case basis. Land sale must, however, be an exception and affect a minority of land disposal decisions.

The recommendations, therefore, are structured so as to assume leasehold, while permitting land disposal under exceptional circumstances only. Any sales of University land must receive prior approval by the Board of Governors following presentation to the Senate, for information and the opportunity to provide advice. All sales of land must be subject to perfor-

mance and reversionary clauses. Any deviations from these policies must receive the approval of the Board.

Disposal and distribution of funds from sale will be controlled by the University administration and Board of Governors and will comply with the terms contained herein. Any lands considered for disposal must be subject to a detailed sector plan, as with all other University development. This should also ensure that the University retains ownership of all lands adjacent to the South Campus. While the primacy of leasehold must be respected, its impact on the requirements and imperatives of the development market place must also be recognized. Establishing a balance between the conflicting goals of the University and the real estate market will often be difficult.

In summary, the following principles should be followed:

- generally, the University should avoid disposing of land but instead should offer long-term leases. At the same time, however, it must be recognized that such a policy will significantly reduce the real estate attractiveness of development on the North Campus, particularly for early development parcels

all long-term leases must contain performance clauses with respect to construction and other relevant matters

the University may sell lands only under exceptional circumstances. Repurchase clauses to guarantee performance and to offer the University rights of first refusal must be included in all such sales. Any such sales must receive prior approval of the Board

### 6.1.2 Maintenance of Control over Development Quality

The University's best real estate response to the strictures of land leasehold will be to ensure the maintenance of very high standards of development on the North Campus. The value of this location will continue to increase with urbanization of the surrounding area. The inherent attractiveness of the site's present and future environment will be a powerful real estate attribute. The University must therefore ensure, both in long-term leases and in covenants on title in the case of sale, that development is of the highest

standard. The North Campus should foster a prestigious image as the highest quality development in the Region. It must do so since it will not be able to compete with less restrictive, "for sale" locations elsewhere.

### 6.1.3 Research and Development Linkages to the University

The University should encourage development which can initiate the potential for transfer of knowledge between University research activities and the private sector. Those links should be actively promoted and encouraged through the furthering of social and informal contact as well as through more formal connections to the University. Formal linkages, or clearly-defined benefits for the University, between the University and site users on the North Campus should be a requirement of any development proposal.

It should be stressed that research and development activities and related office use are seen as the most desirable uses for the North Campus. Implementation of the Plan should be monitored to ensure achievement of this goal and structures established to foster the highest degree of integration with relevant elements of the University.

## 6.2 DEVELOPMENT CONTEXT

### 6.2.1 Development Currently Proposed

The University does not intend to undertake major expansion of its facilities, nor will it add major new Faculties such as Law or Medicine. It has no capital building plan at this time but responds instead to departmental needs, as identified by individual departments from time to time. Funding is provided from private fund raising or, in the case of some student facilities, from additions to student fees. Provincial funding is currently contingent upon a minimum contribution by the University of one-third of the project cost.

Several small projects have been identified on the South Campus for construction over the next decade, contingent upon funding. These include a new building for Engineering and Earth Sciences, and an extension to Hagey Hall of the Humanities for the School of Accountancy. A recent student referendum proposed to construct a Student Centre, possibly next to the Physical Activities Complex and the Campus Centre. Small additions

have also been planned for several of the Church Colleges (Renison, Conrad Grebel and St.Paul's).

On the North Campus, an extension is planned for the Optometry building, pending funding, and a second phase of the Columbia Lake Townhouses has been identified. No other University expansion is proposed, although proposals have been made for a commercial golf course abutting Laurel Creek and for a business park in the southeast quadrant. The Hewlett Packard property is intended to be developed as a research and development facility, but no development proposals have been forthcoming and there are strong indications that the land may never be required in full by the company.

In summary, most University development will consist of small additions or individual buildings, within building programs largely prepared by the faculty, staff and students who will use the new space. The trend towards both student-financed and privately-funded projects appears to be well-established and likely to continue in the face of reduced public funding. This trend will, however, allow "made in University of Waterloo" solutions, some of which may be prototypical

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projects which can attract public and private contributions. Ultimately, the proposed development of parts of the campus will supply income for use by the University in a wide range of capital and operating budgets.

### 6.2.2 Market Context

A suggested development program for the first sector on the North Campus has been outlined in the Implementation Report #1. Otherwise, in advance of a full development program, it is difficult to prepare more than an outline analysis of the market potential of all the University lands. The Master Plan covers a very long period of time, however, and development can be expected to occur over several market cycles. In this broader context, a wide range of uses has been examined and attempts have been made to ensure that no obvious potential users or markets have been ignored. It is evident that the campus is large and varied enough to accommodate a wide range of uses and to meet a variety of objectives. In consultation with the University, however, a preliminary development scenario for the North and South Campus lands has been prepared. It is based on the following assumptions:

- land is primarily held by the University; long-term leases
- development will occur slowly, over several market cycles
- absorption is conservatively assumed to be two to five acres/year, but would rise as more uses are permitted

As the assumed land disposal method in the Master Plan, the University's preference to retain land ownership affects the lands' absorption and development potential, especially in the Kitchener-Waterloo market. The requirement for long-term land leases as opposed to sale will reduce land values (due to decreased marketability and use restrictions) by at least five to ten percent, with further discounts for shorter leases. While the residential market is most affected by leasehold, at least fifty percent of the non-residential market would reject leasehold, especially if leases are for less than 99 years. In summary, while leasehold completely meets the University objective of retaining full control, it entails a significant sacrifice by restricting the available market for University lands.

By contrast, the disposal option of sale of land with restrictive covenants involves much less sacrifice in market

and financial terms and retains some University control through reversionary clauses. Although such restrictions dampen the market somewhat, the extent is unlikely to exceed five percent of the land price and can even be seen as an incentive by stabilizing overall development quality. The University should consider this form of land disposal, although it should be aware of the difficulty in land sales of controlling timing or re-acquisition costs, or in determining use of the funds from sale.

As a further option, the University may also consider becoming its own developer, either alone or in partnership. While this entails the most management involvement and risk, it could also generate the highest direct financial return. The University might consider this approach for new entrance buildings on the South Campus, preferably within a joint venture/partnership.

In summary, while leasehold is the preferred land disposal method, development of the campus lands must be balanced with other University and municipal objectives and must be seen as a long-term undertaking.

In summary, most University development will consist of small additions or individual buildings, within building programs largely prepared by the faculty, staff and students who will use the new space.

### 6.2.3 Potential Land Uses

Within this long-term framework, development should occur in phases, bridging over several market cycles.

Although full development of the campus lands is envisaged, it is possible that, pending more detailed environmental analysis, the University may decide to hold portions of its lands in permanent use for research purposes, in addition to those already included as part of the Laurel

Creek environmental reserve. These additional lands could be used for permaculture, providing food and material products for University use, as a by-product of their research function. It is recommended that, following the environmental audit of the campus lands, a comprehensive land management plan be prepared for these parcels and all lands within the environmental reserve.

In any long-range development plan, there must be provision made for interim use of lands intended for eventual redevelopment. Preliminary environmental analysis of the Laurel Creek watercourse suggests that alternatives should be explored to growing corn on the North Campus lands. Current

cultural practices may be a significant factor in levels of siltation and chemical pollutants now entering Laurel Creek. Alternative uses could include more intensive horticulture, such as market gardens or nurseries, which pollute less and offer some prospect of economic return. On an interim basis, some new surface parking should be provided to replace parking lost through development on the South Campus. It is recommended that an interim land management plan be prepared for those parcels, following the environmental audit of campus lands.

The long-term redevelopment proposals illustrated indicate a mix of land uses within compact, urban neighbourhoods centred on the Laurel Creek reserve. A mix of several land uses appears to be feasible as the foundation for a wide range of potential development programs. The following is a preliminary outline of the probable characteristics of each land use within an overall, mixed-use development:

University	Research and Development	Housing
· new Faculty buildings	· a “campus” ⇨ research and development uses, located within the south-east quadrant of the North Campus and related to the adjacent University and industrial lands	· residential neighbourhoods, associated with the University and located next to the Laurel Creek environmental reserve
· Laurel Creek environmental reserve	· the campus has good market potential, but the R&D market is highly competitive	· units are medium density (low-rise apartment and townhouse form) and are predominantly non-profit, intended for University students, faculty and staff
· on-site research centres (integral with the environmental <i>reserve</i> )	· land lease is a significant disincentive	· <i>some</i> low- to medium-density market housing could be built is sold as part of <i>one</i> neighbourhood
· outdoor laboratory space	· many organizations may regard links to the University as a bonus rather than the key attraction ⇨ the land	· higher densities offer higher financial return <i>per acre</i> , even under leasehold, however, demand may be <i>slower</i> than for other housing forms
· outdoor and indoor recreation space		
· remote parking (interim)		
· University offices/library/bookstore (as part of mixed-use redevelopment along Columbia and University)		

## Recreation

proposals have been made for municipal or private recreation facilities, including a commercial golf course

potential exists for municipal participation in developing public recreation facilities (e.g., an aquatic centre) adjacent to the existing University athletic facilities on the North Campus

a commercial golf course is not recommended. Analysis of similar developments indicates that they tend to be land intensive, restricted to members only and require a level of landscape maintenance which could be incompatible with the environmental objectives of the laurel Creek reserve; even as an interim land use, they preclude public and University access to the lands and may require subsidy

## Institutional

- private or public schools are possible, especially if related to adjacent residential neighbourhoods, but they are land intensive (usually requiring at least five acres)
- hospitals have been proposed, but they are also land intensive and, since the University does not intend to have a Medical Faculty, they are less likely to be well related to the rest of the campus
- demand for institutional uses is difficult to forecast, since it does not follow market trends, and the University would be under pressure to provide the land at less than market value

## Office and Retail

- some potential exists *for offices*, especially in association with such other uses as research and development, but they will *not* be a major land use
- leasehold also a disincentive
- retail potential is restricted to Neighbourhood Commercial *sewing* the North Campus, since a major regional shopping centre is not feasible or compatible with the Master Plan
- retail would be integral with other land uses (i.e., no strip malls would be permitted)
- retail appears to be most feasible as a street-related use *in* new, mixed-use buildings along the Columbia and

## Hotel

- there is clear market potential, but with financial constraints
- reduced demand due to the number of competing sites *in* the Kitchener-Waterloo area is offset somewhat by the attractive campus centre and potential spinoffs from the University
- hotel combined with a conference centre is also best *for* University purposes, providing needed meeting space and hospitality facilities

In summary, a mix of these uses, built over time in response to University needs and market conditions, is the most appropriate form of development on campus lands.

6.3.1 Development Management

It is not recommended that the University establish a University Development Corporation at this time, The University’s development objectives of slow, incremental growth and leasehold development do not warrant the staffing commitment that such an organization entails. Instead, and in the short term, the activities of the University of Waterloo administration should be expanded to undertake initial management of campus development.

In the long term, consideration could be given to the creation of a development corporation but one which should not require a large bureaucracy. For example, the University could establish a “shell” corporation in order to separate the development functions from the primary academic and administrative activities. This development corporation may be required for long-term development and management of the real estate asset, even if most actual development functions are directed towards private sector or other public sector implementation agencies, but it

should at least initially utilize existing administrative staff.

For planning of new development, it does not appear to be necessary for the University to establish the position of University Planner. The level of proposed development activity does not warrant this, and the Department of Plant Operations can undertake any necessary technical and administrative work. Instead, planning and urban design consultants can undertake detailed development sector studies, assist in selection processes for design consultants for individual projects, and undertake municipal approvals, as required.

6.3.2 Asset Management

All actions taken to preserve and enhance campus lands should follow the principles of estate management. As a long-term landowner, the University must manage its land asset in a prudent fashion. The following principles should underlie all decisions on land lease or sale.

The financial merits of each development proposal should be assessed against the long-term opportunity cost of the land. As a yardstick, the University should use local real estate

values for particular uses and should monitor prices on a regular basis. Sites should not be disposed of for less than these values (whether by lease or sale) unless there is a demonstrable, direct compensating benefit for the University.

Development of campus lands should proceed at an expeditious pace in order to obtain the return the lands are capable of producing. However, development progress should be managed so as to avoid inappropriate risk to the University and to reflect the cyclicity of the real estate market.

Projects requiring long-term financial commitments but which do not offer secure returns should be avoided, even though such returns may be high. The pace of development should increase or decrease in keeping with market trends so that development quality and pricing are not compromised during market downturns.

Obtaining the highest and best use for land not required for University purposes should be a general objective. However, this objective should not override other Plan principles. Uses must be compatible with the environmental orientation and should not compromise the overall objective of high quality development. Subject

to these and other considerations contained herein, the objective should be to enhance the value of campus lands through prudent long-term asset management.

6.3.3 Detailed Sector Plans

Prior to undertaking any development proposal on the North or South Campus, the University should commission the preparation of a detailed sector plan. This plan should include the proposed project site and its context, in order to fully analyze the impact of new development and to ensure that the project is well integrated with its surroundings and contributes to the Master Plan objectives. As outlined in Chapter Five, each sector plan should include detailed development and design guidelines. It should also include detailed servicing and traffic impact studies. The sector plan forms the basis for a proposal call for the design and development of the project and provides the background material required to accompany the subsequent development application to the municipal authorities.

6.4.1 University Development

The majority of this development will be located on the South Campus and will involve infill within an existing built setting. Particular care must be taken to ensure compatibility of new development with existing buildings and patterns of use. In order to do this, all development proposals from within University departments, the Church Colleges and the administration should be scrutinized first by administrative staff of the University and then by the appropriate committees of the Board of Governors and Senate; specifically, the Board of Governors' Building and Properties Committee and the Senate Long Range Planning Committee. Since the Plan is a living document and not a static one, there should be staff who are responsible for its day-to-day interpretation and application. Such ongoing responsibility for the Plan should be handled by the Department of Plant Operations, aided by external consultants, as appropriate. This management and review process will ensure adherence to the recommendations of this Plan and provide a consistent basis for judging the potential impacts of all

proposals to be considered, prior to final approval of their funding.

The recommended process is as follows:

- In order to accommodate minor changes within the objectives of the Plan, the Building and Properties Committee *should* continue to operate within its current minimum project size limit (i.e., capital budgets of \$500,000.00 or more) below which no review is required.
- New development proposals should be predicated on a preliminary development program, prepared by the users of the proposed development and the sponsoring University agency. Once a development program is anticipated, a detailed sector plan for the proposed site or sites and their surroundings should be prepared, as recommended in Section 6.3.3, in order to set the context for development. Sector plans should only be prepared in response to an actually anticipated development proposal. They should also be discussed informally with staff of the City and Region prior to proceeding further with the development proposal, in order to identify and resolve any outstanding issues relating to the University's and the municipality's planning objectives.

- The Committee should also be concerned about the quality of proposals submitted. To help ensure a high quality of design, the Committee should consider requiring a selection process for architects and landscape architects to be retained on all major proposals. The process should consist of some form of competition, ranging from open, international juried procedures to local, invited calls for proposal. All such "competitions" should be based on the preliminary development program and the development guidelines contained in the sector plan.

- Once a selection has been made, a preliminary design and detailed development program should be prepared based on the existing Official Plan and Zoning By-law provisions for the South Campus. It is strongly recommended that these designs be discussed informally with City and Regional staff prior to being presented to the Building and Properties Committee and the Senate Long Range Planning Committee. Any requested changes would be referred back to these Committees for final approval.

- Once approved by these Committees, the University administration should make formal application to the appropriate municipal and other public agencies for their approval of the proposed development. The administration should be responsible for undertaking the development proposal and overseeing approval and construction. In the case of development involving the Church Colleges, the University administration shall monitor all phases of proposal and development.

6.4.2 Non-University Development

The majority of this development will be on the North Campus and will involve private development of University lands. This process requires firm development guidelines for the private sector and a more complex municipal approvals process for most non-University land uses. All proposals should be subject to the review process outlined above, and should be discussed with the appropriate municipal authorities at the stage of preparation of a sector plan (i.e., prior to a proposal call which will lead to the formal submission of a development application).

In the case of as-of-right applications, this process will ensure that the University, the private developer and the public agencies have the opportunity to resolve any outstanding issues beforehand. In the case of land uses not included in the current Official Plan and Zoning By-law, the review process and the preliminary discussions can form the first step in the more comprehensive municipal Plan and By-law amendment process required to implement such proposals.

### 6.4.3 Changing the Master Plan

This process assumes that all development in the future will be capable of being accommodated within the recommendations of the Master Plan. It also assumes as a matter of course that all development should be compatible with the City and Regional Official Plans. Should situations arise where this is not the case, any changes to the Master Plan should be discussed and approved by the Building and Properties and Senate Long Range Planning Committees, prior to approval by the full Board and Senate, and prior to discussion with the appropriate municipal authorities. Since most development for University pur-

poses is allowed as-of-right within the existing Official Plan and Zoning By-law provisions, however, it is not anticipated that problems will arise over development proposals which the University will be making to meet its own needs. For non-University development, however, the more comprehensive discussion process outlined above should be anticipated as being required, including prior consultation with municipal officials.

It is also assumed, however, that the Master Plan should be reviewed by the Building and Properties and Senate Long Range Planning Committees on a regular basis in order to ensure that it matches contemporary needs and conditions. The suggested review period is five years. Any changes would be approved by these Committees and by the Senate and Board, prior to discussion with municipal authorities.

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