

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For the Meeting of January 24, 2018

APPROVAL OF BUDGET, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, 10995 LE CONTE APARTMENTS, LOS ANGELES CAMPUS

EXECUTIVE SUMMARY

The 10995 Le Conte Apartments project is one of three housing projects on the Los Angeles campus that are being presented for approvals of budget, external financing, and design at this Regents meeting. Together the projects will provide approximately 5,219 new on-campus beds for undergraduate and graduate students. An amendment of the current Long Range Development Plan (LRDP) that is required for each of these projects to proceed is also being presented at this meeting.

This project would provide 1,159 beds of on-campus apartment-style housing essential for the retention of upper-division undergraduates; provide students with below-market rate housing compared to the surrounding Westwood residential housing market; address current and anticipated demand for housing consistent with the goals of the Student Housing Master Plan; improve the quality of student life, support the academic experience, and foster personal and social development for students; and continue the 30-year transformation of UCLA from a commuter to a residential campus.

The proposed project would supply beds for upper-division undergraduate students in the campus Bridge zone. This existing zone is defined in the current LRDP and serves to connect the Southwest zone to the larger main campus. The students would be housed in a new 301,900-gross-square-foot (gsf) apartment building consisting of 289,200 gsf of residential space and 12,700 gsf of common space. The University Extension Building, a 93,500-gsf seismically deficient structure built in 1971, would be demolished to create a site for the new residential facility located at the intersection of Le Conte, Gayley, and Levering Avenues.

The proposed apartment building, consisting of a 17-level high-rise tower and a nine-level mid-rise wing, would accommodate a total of 192 units. Students would be housed in mostly triple occupancy bedrooms (84 percent) in one-, two-, and three-bedroom units, and double occupancy bedrooms (16 percent) in four-bedroom units. Each unit would have a living area, kitchen, and sufficient bathrooms. The ground floor would provide a lobby, social commons, and study

facilities for occupants of the building and other undergraduate students residing in the Southwest campus and University-owned housing in Westwood.

At the May 2017 meeting, the Regents approved preliminary plans funding of \$3.1 million using housing reserves to advance this project. The Regents are being asked to: (1) approve the project budget of \$209.64 million to be funded by external financing and housing reserves; (2) approve the project scope; (3) approve external financing (\$156.64 million); (4) determine compliance with the California Environmental Quality Act; (5) approve the design; and (6) authorize the President of the University to execute documents related to these actions.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that:

- A. The 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
- From: Los Angeles: 10995 Le Conte Apartments – preliminary plans – \$3.1 million to be funded from housing reserves.
- To: Los Angeles: 10995 Le Conte Apartments – preliminary plans, working drawings, construction, and equipment – \$209.64 million to be funded from external financing (\$156.64 million) and housing reserves (\$53 million).
- B. The 10995 Le Conte Apartments project shall construct approximately 301,900 gross square feet (gsf) of housing space, supplying approximately 1,159 beds, related commons space, and site improvements. The scope includes demolition of the University Extension Building, a 93,500-gsf seismically deficient structure, to create the site for the proposed residential facility.
- C. The President be authorized to obtain external financing not to exceed \$156.64 million, plus additional related financing costs. The President shall require that:
- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, general revenues from the Los Angeles campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.

- D. Following review and consideration of the previously certified *LRDP Amendment (2017) and Student Housing Projects Subsequent Environmental Impact Report* of which the proposed 10995 Le Conte Apartments project is a part, including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Determine that no further environmental analysis pursuant to the California Environmental Quality Act is required and adopt and affirm the Findings for the UCLA LRDP Amendment (2017) and Student Housing Projects.
 - (2) Approve the design of the 10995 Le Conte Apartments project, Los Angeles Campus.
- E. The President, or designee, be authorized, in consultation with the General Counsel, to execute all documents necessary or appropriate in connection with the above.

BACKGROUND

The proposed Le Conte Apartments project is one of three on-campus housing projects the campus is presenting to the Regents at this meeting. Together the projects will address housing needs by providing approximately 5,219 new on-campus beds for undergraduate and graduate students in approximately 1,236,600 gross square feet (gsf). The demand and factors that support the production of new units are the same for each project.

As UCLA has evolved from a predominantly commuter campus into a thriving residential community, the on-campus supply of undergraduate beds has increased from approximately 4,300 to 12,800. Approximately 14,700 of the undergraduate population (48 percent) currently live on campus or within one mile in University-owned housing. Approximately 3,400 graduate students (27 percent of the graduate population) currently live on-campus or in off-campus University-owned housing.

The campus goal is to guarantee housing to all entering first-year students for four years and transfer students for two years. Current housing inventory constrains the guarantee to three years for entering first-year students and one year for transfer students. The current goal for graduate housing is two years for new graduate and professional students.

Demand for Campus Housing

There is high demand for housing on the Los Angeles campus. During the past five years, housing enrollment and guaranteed student housing acceptance rates have increased for first-year (from 95 percent to 97 percent), second-year (from 72 percent to 74 percent), and most significantly for third-year undergraduate students (from 25 percent to 44 percent), and first-year transfer students (from 36 percent to 48 percent). Over the next four years, enrollment of

California residents will increase at all UC campuses. At UCLA, the undergraduate population grew by approximately 1,500 students between fall 2015 and fall 2017, representing an additional 1,250 freshman and 250 transfer students. These increases have created additional demand for campus housing.

Table 1: Projected Undergraduate Enrollment and Housing Goal

	Fall 2017	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022
Projected Enrollment - Undergraduates	31,002	31,225	31,450	31,100	31,000	31,000
Number of Beds (as new projects are delivered) ¹	14,742	14,742	15,011	15,011	17,427	18,510
Bed Deficit to Meet a 4/2 Guarantee	(1,795)	(1,702)	(1,747)	(2,088)	(530)	0
Percentage of Undergraduates Housed	48%	47%	48%	48%	56%	60%
Percent Tripled on Campus	81%	81%	81%	81%	75%	60%

1. Beds added by project: Lot 15 Residence Hall (1,781), 10995 Le Conte Apartments (1,159), and Southwest Campus Apartments (1,958, excluding graduate students).

Affordability

The residential community surrounding UCLA is a desirable market for non-students and supply is limited. This competitive housing market has become unaffordable for the vast majority of undergraduate students. For example, students are currently paying approximately \$900 per month for a bed in a University-owned two-bedroom apartment compared to approximately \$1,210 a month for a bed in a similar two-bedroom apartment in the private sector. UCLA housing rates include utilities and cable/internet and the term is for nine months at a total annual cost of \$8,100, compared to most private sector housing requiring a 12-month lease term and separately purchased utilities at a total annual cost of approximately \$14,520.

A study by CBRE completed for the campus in January 2017 indicates that the vacancy rate in private sector apartments is approximately 2.8 percent. Current trends indicate the private sector will increase rental rates between four and seven percent annually for the next few years, while the Student Housing Master Plan anticipates undergraduate rate increases to be limited to no more than three percent annually for the next five to ten years.

UC President’s Student Housing Initiative

In January 2016, the President of the University announced a Student Housing Initiative to provide sufficient, affordable housing for UC students systemwide. In response to this initiative and to the high demand for on-campus housing at UCLA, the campus identified potential locations for additional housing. In May 2016, the Regents approved the budget for preliminary plans funding (up to \$15.4 million to be funded by housing reserves) to allow the campus to investigate the feasibility of providing up to 6,900 beds at five campus sites.

From this potential capacity of 6,900 beds, the campus has since decided to prioritize development of three of the five sites that could be made available in fall 2021 and 2022. Approval of budget, external financing, and design following action pursuant to CEQA is being

requested at this Regents meeting for projects at these three locations: 1) a new mid-rise residence hall complex for lower-division undergraduate students at Lot 15 in the Northwest Campus; 2) a new mid-rise apartment complex for both upper-division undergraduate students and graduate students on the site of Warren Hall in the Southwest Campus; and 3) a new high-rise apartment building on the site of the University Extension Building at 10995 Le Conte Avenue in the Bridge zone. Subsequent projects to construct new residence halls for lower-division undergraduates at the Bradley South and Drake Stadium sites in the Northwest Campus would be proposed for approval at a later date for completion by 2025.

Project Drivers

Development of the initial three sites will help the campus to accommodate the increased enrollment; increase the housing guarantee for entering first-year students from three to four years; increase the guarantee for transfer students from one year to two years; reduce the triple occupancy percentage to the 60 percent target identified in the Student Housing Master Plan; and meet some existing graduate housing demand in one location.

The proposed 10995 Le Conte Apartments project will specifically address the housing needs of upper-division undergraduate students. Provision of beds for these students will help achieve the following objectives:

- provide on-campus apartment-style housing essential for the retention of upper-division undergraduates;
- provide these students with below-market rate housing compared to the surrounding Westwood residential housing market;
- address current and anticipated demand for housing consistent with the goals of the Student Housing Master Plan;
- improve the quality of student life, support the academic experience, and foster personal and social development for students; and
- continue the 30-year transformation of UCLA from a commuter to a residential campus.

PROJECT DESCRIPTION

The proposed project would supply a total of 1,159 beds for upper-division undergraduate students in the campus Bridge zone. This existing zone is defined in the current Long Range Development Plan (LRDP) and is located in an area that connects the Southwest zone to the larger main campus. The students would be housed in a new 301,900-gsf apartment building, comprising a 17-level high-rise structure with a nine-level mid-rise wing. Approximately 289,200 gsf of residential space and 12,700 gsf of common space would be provided.

The project would be constructed on the site of the University Extension Building, an eight-story seismically deficient 93,500-gsf office and classroom building built in 1971, which would be demolished to create the site for the new housing. The building's occupants would be relocated to temporary leased space as part of a long-term plan to consolidate the extension program in a new campus facility.

The new apartment building would accommodate a total of 192 units. Students would be housed in mostly triple occupancy bedrooms (84 percent) in one-, two-, and three-bedroom units, and double occupancy bedrooms (16 percent) in four-bedroom units. Each unit would have a living area, kitchen, and two bathrooms, with the exception of a single bathroom in the one-bedroom units and three bathrooms in the three-bedroom units. The majority of the two-bedroom units would comprise 938 asf, and the four-bedroom units would provide 1,230 asf. For flexibility of use, bathrooms would be compartmentalized with an enclosed tub/shower and toilet room. Kitchens would be equipped with a refrigerator, oven, range, microwave oven, and dishwasher. Table 2 summarizes proposed apartment unit types and space allocations.

Of the 1,159 total beds, 1,153 beds would be income-producing and six beds would be non-income-producing, reserved for apartment coordinators responsible for administering residential life programs serving students living in the building.

The ground floor would provide a lobby, social commons, and study facilities for occupants of the building and other undergraduate students residing in the Southwest campus and University-owned housing in Westwood. Building residents would be provided laundry, mail, and fitness facilities. Residential support space would include housekeeping, maintenance, communications, and trash and recyclable collections functions. A loading area, and parking for service vehicles and bicycles would be provided. Vehicular access would be via a service driveway from Gayley Avenue.

The scope of work would include: demolition and site preparation; installation of a storm water capture system and connection to the city sewer main; provision of domestic water, fire water, sewer, gas, and electrical utilities from city services; and installation of telephone and communications connectivity and cabling, cable television, wireless networking, and security systems. Site work would include replacement of city sidewalks and street trees affected by the work; and landscape and hardscape improvements. Group 2 and 3 equipment would include procurement and installation of furniture, equipment, and appliances.

Table 2: Proposed Space Allocations

Program Area/Room	# Units	# Beds	Avg. ASF Per Unit	Total ASF	Total GSF
Apartment Units					
1 Bedroom/1 Bathroom – 3 Beds	22	66	618	13,596	
2 Bedroom/2 Bathroom – 4 Beds	2	8	807	1,614	
2 Bedroom/2 Bathroom – 5 Beds	6	30	937	5,622	
2 Bedroom/2 Bathroom – 6 Beds	111	666	938	104,118	
2 Bedroom/2 Bathroom – 7 Beds	19	133	1,046	19,874	
3 Bedroom/3 Bathroom – 8 Beds	3	16	1,205	2,410	
4 Bedroom/2 Bathroom – 8 Beds	30	240	1,230	36,900	
Residential Support*				3,866	
Total	192	1,159		188,000	289,200
Common and Support					
Lobby and Commons				5,100	
Fitness Room				1,050	
Mail Room				650	
Laundry Room				650	
Housekeeping Office				950	
Trash Room				1,250	
Communication Room				150	
Subtotal				9,800	10,600
Covered-Unenclosed (50%)					2,100
Total				9,800	12,700
Grand Total				197,800	301,900

*Includes custodial, trash, and network rooms on residential floors.

Schedule

Approval of this action will allow the campus to commence working drawings. Construction would be performed in two phases: Demolition is scheduled from August 2018 to February 2019. Construction of the building would begin in March 2019, with completion anticipated in September 2021.

Financial Feasibility

The total project budget of \$209.64 million would be funded with external financing (\$156.64 million) and housing reserves (\$53 million). The debt service on this project would be funded from housing revenues. At the tax-exempt planning rate of six percent and assuming a 35-year term with five years of interest-only and then 30 years principal and interest, the annual interest payment for years one to five is \$9,398,000. The average annual debt service payment for years six to 35 (principal and interest) is \$11.38 million. The project meets the minimum 1.10x

auxiliary project debt service coverage ratio and minimum 1.25x auxiliary debt service coverage ratio required by the University's Debt Policy. The Summary of Financial Feasibility is provided in Attachment 3.

DESIGN ELEMENTS

Proposed Site

The proposed site, the current location of the University Extension Building, is a one-acre parcel located at the intersection of Le Conte, Gayley, and Levering Avenues in the campus Bridge zone. It is located immediately to the north of Westwood Village, and has access to public transportation on Le Conte Avenue. The location is proximate to the University-owned Margan Apartments for undergraduates in the Bridge zone (currently under redevelopment), and the proposed location for the Southwest Campus Apartments for upper-division undergraduate and graduate students on the Warren Hall site. The project would accommodate 1,159 beds (approximately 1,159 beds per acre) in 192 units per acre in a combination of one-, two-, three-, and four-bedroom apartments.

Building Design

The visual massing of the building is expressed in two integrated components: mid-rise and high-rise. Apartments on the upper floors are accessed from a single elevator core in the high-rise. Social commons and building support space are located on the ground floor. The building is set back on the site to provide a landscaped entry path from the adjacent public streets. Pedestrian access is from Le Conte and Gayley. An internal landscaped courtyard with seating areas for students to socialize is accessed from the social commons.

The building is scaled by the use of architectural elements, enclosure systems, fenestration patterns, and color. A glass-enclosed lobby provides a welcoming image from the surrounding public streets. The landscape design at the main entrance re-uses existing specimen trees from the site and provides a buffer between the building and adjacent public sidewalks.

Materials

Building materials include a combination of glass and metal panel curtain wall and storefront systems, fiber cement panel systems, integral color cement plaster, and exposed structural concrete. Building materials for hardscape include cast-in-place concrete with brick banding conforming to campus standards.

Seismic Safety

This project will comply with the University's Seismic Safety Policy including independent structural engineering peer review.

Sustainable Practices

The 10995 Le Conte Apartments project would comply with the University of California Sustainable Practices Policy. Project sustainability targets and goals include Leadership in Energy and Environmental Design (LEED™) minimum building certification level of Silver, with a target for Gold or Platinum. The project will participate in the Los Angeles Department of Water and Power Savings by Design energy conservation program and will outperform the

California Energy Code by 20 percent as required by UC Policy.

Consistency with the Long Range Development Plan (LRDP)

The campus has proposed an amendment to the UCLA 2002 LRDP (Amendment #6) in a separate item at this Regents meeting, to add 1.5 million gsf to the campus’s development allocation, which includes 256,500 gsf of available developable square footage in the Bridge zone to accommodate the proposed Le Conte Apartments project. The proposed project is consistent with the planning objectives of the LRDP Amendment #6.

CEQA COMPLIANCE

A summary of the environmental impacts of the proposed project is provided in Attachment 6. Pursuant to the California Environmental Quality Act (CEQA), a Subsequent Environmental Impact Report was prepared for the *UCLA LRDP Amendment (2017) and Student Housing Projects* (SEIR), of which the 10995 Le Conte Apartments project is a part (Attachment 7). The SEIR is tiered from the 2009 LRDP EIR (Attachment 8) and found that the Student Housing Projects, including 10995 Le Conte Apartments, would result in significant and unavoidable impacts related to Air Quality (Cumulative-Construction), Cultural Resources (Historic-Warren Site only), Noise (Cumulative-Construction), and Transportation/Traffic (Cumulative-Construction). In connection with certification of the SEIR, CEQA Findings and a Statement of Overriding Considerations were adopted by the Regents, and the previously adopted Findings and Statement of Overriding Considerations in connection with its approval of the 2009 LRDP Amendment were reaffirmed. In connection with this project, the Findings for the LRDP Amendment #6 and the 2009 LRDP Amendment are readopted and affirmed (Attachment 9).

Key to Acronyms

ASF	Assignable-Square-Foot
CEQA	California Environmental Quality Act
GSF	Gross-Square-Foot
LRDP	Long Range Development Plan
SEIR	Subsequent Environmental Impact Report

ATTACHMENTS:

Attachment 1:	Project Sources and Uses
Attachment 2:	Comparable Project Information
Attachment 3:	Summary of Financial Feasibility
Attachment 4:	Alternatives Considered
Attachment 5:	Project Graphics
Attachment 6:	Environmental Impact Summary
Attachment 7:	<i>UCLA LRDP Amendment (2017) and Student Housing Projects Final SEIR</i> (including Mitigation Monitoring and Reporting Program): http://www.capitalprograms.ucla.edu/PDF/LRDPAmendmentFinalSEIR.pdf

Attachment 8:	UCLA LRDP & LRDP EIR, as Amended: http://www.capitalprograms.ucla.edu/Planning/LongRangeDevelopmentPlan
Attachment 9:	CEQA Findings and Statement of Overriding Considerations.

PROJECT SOURCES AND USES
CCCI 7385

PROJECT SOURCES		
Sources	Total	%
External Financing	\$156,640,000	75%
Housing Reserves	53,000,000	25%
Total Sources	209,640,000	100%

PROJECT USES					
Category	Housing	Commons	Site³	Total	% Total
Site Clearance			5,762,000	5,762,000	2.8%
Building	152,388,000	6,692,000		159,080,000	77.3%
Exterior Utilities	1,618,000	71,000		1,689,000	0.8%
Site Development	2,465,000	108,000	1,730,000	4,303,000	2.1%
A/E Fees	8,636,000	379,000	413,000	9,428,000	4.6%
Campus Administration	2,061,000	90,000	99,000	2,250,000	1.1%
Surveys, Tests, Plans	2,864,000	126,000	137,000	3,127,000	1.5%
Special Items ¹	3,477,000	153,000	167,000	3,796,000	1.9%
Interest During Construction	7,041,000	309,000	337,000	7,688,000	3.7%
Contingency	7,824,000	343,000	375,000	8,542,000	4.2%
Total	188,374,000	8,271,000	9,019,000	205,665,000	100%
Group 2 & 3 Equipment	3,577,000	398,000		3,975,000	
Project Cost	191,951,000	8,669,000	9,019,000	209,640,000	

Project Statistics	Housing	Commons	Total
Gross-Square-Feet (GSF) ⁴	289,200	12,700	301,900
Assignable-Square-Feet (ASF) ⁴	188,000	9,800	197,800
Net Rentable Square Feet (NRSF) ⁴	202,700	10,300	213,000
Efficiency Ratio ASF/GSF	65.0%	77.2%	65.5%
Number of Beds	1,159	NA	1,159
Number of Units	192	NA	192
Units/Acre	192	NA	192
Building Cost/GSF	\$527	\$527	\$527
Project Cost/GSF ²	\$651	\$651	\$681
Building Cost/NRSF	\$752	\$650	\$747
Project Cost/NRSF	\$929	\$803	\$966
Building Cost/Bed	\$131,482	NA	\$137,256
Project Cost/Bed ²	\$162,531	NA	\$177,451
Project Cost/Unit	\$999,745	NA	\$1,091,875

1. Special Items include pre-design study, pre-construction services, environmental reports, peer reviews, specialty consultants, agency fees, hazmat survey and abatement, LEED™ coordination, messenger, and insurance.
2. Project cost excludes Group 2 and 3 equipment.
3. Site category includes premium costs to convert the site from academic to residential use, including demolition of an existing building, site preparation, hazardous materials abatement, relocation of a site retaining wall, and replacement of adjacent city sidewalks.
4. Gross Square Feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure itself. Assignable-Square-Feet (ASF) is the net usable area. Net-Rentable-Square-Feet (NSRF) is calculated to the inside face of exterior and common/demising walls. The area/footprint of interior partitions are included in the NSRF per Building Owners and Managers Association standards. Whereas ASF is calculated to the inside face of exterior and common/demising walls but does not include the footprint of the interior walls.

**COMPARABLE PROJECT INFORMATION
CCCI 7385**

Student Housing

Location – Project Name¹	Date²	No. of Beds	Building Cost/GSF	Project Cost/GSF³	Building Cost/Bed	Project Cost/Bed³	Project Cost/Unit³
<i>UCLA – 10995 Le Conte Apartments</i>	<i>11/17</i>	<i>1,159</i>	<i>\$527</i>	<i>\$681</i>	<i>\$137,256</i>	<i>\$177,451</i>	<i>\$1,071,172</i>
UCSD – Nuevo East Student Housing	5/17	1,414	\$313	\$383	\$161,404	\$197,747	\$369,382
UCSF – Minnesota Street Housing	3/17	710	\$540	\$687	\$251,634	\$320,502	\$382,447
UCSD – Nuevo West Graduate Housing	9/16	804	\$304	\$383	\$151,916	\$191,379	\$384,603
UCSD – Mesa Nueva Graduate Housing	3/15	1,355	\$306	\$414	\$137,368	\$185,262	\$228,210
UCLA - Weyburn Terrace	9/13	500	\$400	\$478	\$219,870	\$262,829	\$262,829
UCSD - North Campus Housing Phase 2	6/12	750	\$399	\$454	\$126,948	\$144,437	\$787,572
USC - Village Apartments Building 8	10/16	373	\$623	NA	\$261,307	NA	NA

1. Projects have been adjusted to reflect the proposed project's CCCI (California Construction Cost Indices) of 7385 corresponding to the mid-point of construction.
2. For UC projects, the date represents the date of UC's Capital Improvement Budget. Non-UC projects are to the mid-point of construction.
3. Project cost excludes Group 2 and 3 Equipment.

The cost to develop the proposed project is influenced by the following:

- Demolition of an existing building and related site preparation work to convert the site from academic to residential use.
- Premium costs for the Los Angeles construction market, based on subcontractor and trade availability, and general market conditions.
- Seismic requirements in Los Angeles that necessitate increased structural member sizing and reinforcing to achieve seismic stability and life safety.
- Increased ventilation, façade, and glazing performance requirements to comply with the current Title 24 California Energy Code, compared to the previously approved projects.
- Additional costs associated with the use of mechanical cooling systems, compared to natural ventilation approaches utilized in other locations.
- Limited construction laydown area and work hours on a site surrounded by residential uses.

ATTACHMENT 3

SUMMARY OF FINANCIAL FEASIBILITY

LOS ANGELES CAMPUS	
Project Name	10995 Le Conte Apartments
Project ID	946258
Total Estimated Project Cost	\$209,640,000
Anticipated Interest During Construction (included in total estimated project cost)	7,688,000

PROPOSED SOURCES OF FUNDING ¹	
External Financing	\$156,640,000
Housing Reserves	53,000,000
Total	\$209,640,000

FINANCING ASSUMPTIONS	
Anticipated Repayment Source	General Revenues of the Los Angeles campus
Anticipated Fund Source	Housing Revenues
Financial Feasibility Rate	6.0%
First Year of Principal	FY 2028
Final Maturity (e.g. FY 20xx)	FY 2057
Term (e.g. 30 years; indicate if any years interest only)	35 Years – 5 years interest-only, then 30 years principal & interest
Estimated Average Annual Debt Service	\$9,398,000 - years 1-5 (interest-only) \$11,380,000 - years 6-35 (principal & interest)

Below are results of the financial feasibility analysis for the proposed project using the campus’ Debt Affordability Model. The model includes projections of the campus’ operations and planned financings.

MEASURE	CAMPUS FINANCING BENCHMARKS		
	10 YEAR PROJECTIONS	APPROVAL THRESHOLD	REQUIREMENT
Modified Cash Flow Margin ²	1.8% (min), FY2025	≥ 0.0%	Must Meet
Debt Service to Operations ²	3.7% (max), FY2023	≤ 6.0%	Must Meet 1 of 2
Expendable Resources to Debt ²	NA	≥ 1.00x	
Auxiliary Project Debt Service Coverage ³	1.27x (min), FY2028	≥ 1.10x	Must Meet for Auxiliary Projects
Auxiliary System Debt Service Coverage ⁴	1.42x (min), FY 2023	≥ 1.25x	Must Meet for Auxiliary Projects

¹ Fund sources for external financing shall adhere to University policy on repayment of capital projects.

² Modified Cash Flow Margin, Debt Service to Operations, and Expendable Resources to Debt are campus metrics.

³ Auxiliary Project Debt Service Coverage is an individual project metric.

⁴ Auxiliary Debt Service Coverage is a campus’ auxiliary system metric.

ALTERNATIVES CONSIDERED

Alternatives considered for providing additional on-campus housing for undergraduate students at UCLA include: 1) no project; 2) purchase of residential property off-campus; 3) development of new housing through a Public Private Partnership (P3) project delivery model; and 4) construction of new housing with a University-delivered approach.

A “no project” alternative is not a viable course of action. This alternative would not support the President’s Student Housing Initiative to increase the supply of housing at UCLA, as part of the goal to increase the supply of student housing throughout the UC system. Without additional beds for students, the campus would not be able to further address current and projected demand for student housing; maintain the current guarantee of three years to entering first-year students and one year for transfer students; increase the housing guarantee to four years for entering first-year students and two years for transfer students; help meet graduate housing demand; and provide additional affordable housing to meet student demand, forcing students to live farther away from campus.

Purchase of sufficient residential property off campus to meet the need for up to 6,900 additional beds is not a viable course of action at this time. While UCLA continually pursues opportunities to purchase properties proximate to campus, there are no known opportunities to secure existing developments or potential redevelopment sites that would be large enough to satisfy the campus demand for housing. Most of the available inventory in the Westwood area was constructed more than 50 years ago and is subject to development limitations imposed by the Westwood Site Specific Plan. Even though UCLA can redevelop owned off-campus properties to higher densities than allowed under city zoning, it would be difficult to assemble contiguous properties on the scale needed to satisfy demand for new housing.

Delivery of the beds through a P3 method was considered. The campus has sufficient debt capacity to fund the proposed units and has developed expertise through developing nearly 10,450 beds in-house. A P3 delivery is not expected to offer significantly different financing rates and would require the campus to transfer some control over the design and operations of the units. A P3-delivered project would also require the negotiation of a ground lease with a third party and could add time to the development schedule. Given the expertise and financial capacity of the campus to deliver housing that suits its needs, the development of beds through a P3 model is not the preferred delivery approach for providing on-campus housing by 2021-22.

Construction of new housing through a University-delivered approach is the preferred alternative. UCLA has considerable experience, having increased the supply of undergraduate and graduate beds by nearly 10,450 beds during the past 30 years. UCLA housing has the financial capacity to accommodate the development and operating costs associated with the proposed projects. Three of the five identified sites have ready availability and are more economical for new student housing due to the density of

development they can accommodate. The proposed 10995 Le Conte location will be available when the University Extension vacates in early 2018.

ENVIRONMENTAL IMPACT SUMMARY

Environmental Review Process

In accordance with the State California Environmental Quality Act (CEQA) Guidelines and University of California Procedures for Implementation of CEQA, a Subsequent Environmental Impact Report (SEIR) for the *UCLA LRDP Amendment (2017) and Student Housing Projects* has been prepared of which the 10995 Le Conte Apartments project is a part. The SEIR (SCH# 2017051024) is tiered from the *March 2009 LRDP Amendment Final EIR* (SCH#2008051121).

A Notice of Availability based on the Draft SEIR was submitted on August 24, 2017 to the Governor's Office of Planning and Research, State Clearinghouse as well as approximately 26 interested agencies, organizations, and individuals for a 45-day review period starting August 24, 2017 that concluded on October 9, 2017. The Draft SEIR was made available on the UCLA Capital Programs website and at the Charles E. Young Research Library.

The SEIR was previously certified by the Regents in connection with approval of LRDP Amendment #6, which included a description and impact analysis of the 10995 Le Conte Apartments project. Accordingly, no further environmental analysis pursuant to the California Environmental Quality Act is required.

Environmental Impacts

The SEIR found that the Student Housing Projects, including the 10995 Le Conte Apartments project, would have less than or no significant impact on the environment in regard to Aesthetics, Biological Resources, Cultural Resources (Archaeological/Paleontological/Tribal), Hydrology and Water Quality, Land Use and Planning, Public Services and Recreation, and Utilities.

The SEIR found that the Student Housing Projects, including the 10995 Le Conte Apartments project, would have a less than significant impact on the environment, with project-level mitigation incorporated in regard to Air Quality (Construction-Bradley Site only), Geology and Soils, Hazards and Hazardous Materials, and Transportation/Traffic (Project-Construction).

The SEIR found that the Student Housing Projects, including the 10995 Le Conte Apartments project, would result in significant and unavoidable impacts related to Air Quality (Cumulative-Construction), Cultural Resources (Historic-Warren Site only), Noise (Cumulative-Construction), and Transportation/Traffic (Cumulative-Construction). These significant and unavoidable impacts have been fully analyzed and there are no feasible mitigation measures to reduce the impacts to less than significant. In connection the approval of the LRDP Amendment #6 and certification of the SEIR, CEQA Findings and a Statement of Overriding Considerations were adopted by the Regents, and the previously adopted Findings and Statement of Overriding Considerations in connection

with its approval of the 2009 LRDP Amendment were affirmed. In connection with the 10995 Le Conte Apartments project, the Findings for the LRDP Amendment #6 and 2009 LRDP Amendment are re-adopted and affirmed (Attachment 9).

Public Comments

During the comment period, 21 comment letters were received, two from State agencies and 19 from organizations or individuals. One letter from the Office of Planning and Research State Clearinghouse confirmed that UCLA complied with CEQA review requirements and one from the Department of Transportation District 7 stated that the project's proposed student housing and minimal parking are consistent with State-level policies of promoting infill and transit-oriented development.

The comment letters do not raise any new issues that are not adequately analyzed in the Draft SEIR pursuant to CEQA. Responses are included in the Final SEIR. Therefore, no changes or amendments to the Final SEIR were warranted because of public comments.

Based on the SEIR, the proposed Student Housing Projects, including the 10995 Le Conte Apartments project, incorporate applicable LRDP Programs, Practices and Procedures (PPs), Mitigation Measures (MMs), consistent with the UCLA LRDP EIR, and project-specific Mitigation Measures for the 10995 Le Conte Apartments project.