

Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of March 13, 2013

APPROVAL OF PRELIMINARY PLANS FUNDING, SAN JOAQUIN APARTMENTS, SANTA BARBARA CAMPUS

EXECUTIVE SUMMARY

The proposed San Joaquin Apartments (“San Joaquin”) project is for construction of new apartment-style housing to accommodate 1,000 undergraduate students and live-in residential staff. The project would also provide a new dining commons and various community amenities. The project site would be within the site boundary of the existing 1,300-bed Santa Catalina Residence Hall (“Santa Catalina”) located at the corner of El Colegio Road and Storke Road. In order to maximize use of available land, parking associated with San Joaquin and Santa Catalina would shift to an expanded surface lot at the adjacent West Campus Apartments and to underutilized parking on the Storke Campus.

The proposed project would optimize the development potential of the land surrounding the existing Santa Catalina facilities, and provide student housing consistent with the University’s *2010 Long Range Development Plan (LRDP)* and in compliance with the *2010 University of California, Santa Barbara Long Range Development Plan Mitigation Implementation and Settlement Agreement* (“Agreement”) signed by the University, the County of Santa Barbara, and the City of Goleta. The Agreement requires the campus to develop new housing in support of enrollment growth in excess of a base of 20,000 students.

The total project cost including site improvements, construction, utilities, furnishings, equipment, and off-site parking is estimated to be \$175 million. The Regents are being asked to approve preliminary plans funding in the amount of \$7.76 million to be funded by Housing Auxiliary Reserves.

RECOMMENDATION

The President recommends that the Committee on Grounds and Buildings recommend to the Regents that the 2012-2013 Budget for Capital Improvements be amended to include the following project:

Santa Barbara: San Joaquin Apartments - Preliminary Plans - \$7.76 million, to be funded from Housing Auxiliary Reserves.

BACKGROUND

At the November 2012 meeting of the Regents' Committee on Grounds and Buildings, a discussion item (*Update on Student Housing Projected Growth, Santa Barbara Campus*) provided an overview of the 2010 *Long Range Development Plan (LRDP)* as it related to housing and enrollment growth, the campus's housing plans over the next few years, and the relevant sections of the *2010 LRDP Mitigation Implementation and Settlement Agreement*. The discussion provided the Regents with context for significant housing projects that the campus anticipated bringing to the Regents for action in 2013. The San Joaquin Apartments and the Sierra Madre Apartments are two of such projects; an action related to the Sierra Madre project (*Approval of the Budget Following Action Pursuant to California Environmental Quality Act and Approval of External Financing, Sierra Madre Apartments, Santa Barbara Campus*) appears separately on the Committee's March 2013 agenda.

In 2007 the campus published the *Strategic Academic Plan (SAP)* to update the vision for the academic program and guide campus growth for the coming decades. Key amongst the goals of the SAP was an enrollment growth target of 5,000 students by the year 2025. Subsequently, the LRDP was developed to provide the physical planning parameters to meet that enrollment growth, including identifying the capacity to provide housing to 50 percent of the planned enrollment. The LRDP identified the San Joaquin project site as an appropriate site for the development of single undergraduate housing.

Project Drivers

The following are the primary project drivers:

- provide housing to address the campus' enrollment growth objective of 5,000 students by 2025 as identified in the UCSB *Strategic Academic Plan*;
- provide affordable student housing units to address current unmet demand;
- provide increased student housing inventory to meet legally binding obligations to the County of Santa Barbara and the City of Goleta, most notably, the stipulation that the campus provide new student beds on campus land for students in excess of the baseline enrollment of 20,000.

The SAP provides the framework for achieving the campus' vision for academic excellence through a strategy of managed growth in the campus population, including student enrollment. Expansion of the existing campus population is an integral element in the campus' effort to achieve the optimum academic and intellectual dimensions of the SAP, as well as to maintain and advance the campus' standing as a top-tier research institution. Growth in student enrollment, as well as faculty, will ensure that the campus can maintain its core excellence and better leverage investments in new interdisciplinary endeavors. Enrollment growth will also play an important role in accommodating UC enrollment growth as a whole, as well as meeting the University's civic responsibility of educating the workforce.

The Santa Barbara campus is embarking on the first stages of student housing development in response to growth-generated demand associated with the SAP and LRDP. A major component of the LRDP is the provision for an additional 5,000 student beds to address projected enrollment growth and to meet the goal of housing 50 percent of enrollment by the year 2025. The LRDP projects enrollment at 25,000 students.¹ The campus is obligated by the Agreement to develop new student beds for all students in excess of the 20,000 student baseline enrollment.

The Agreement includes a provision that the campus may temporarily accommodate up to 1,000 students by converting double-occupancy rooms to triple-occupancy. This provision allows the campus time to develop new housing. In the event the campus exceeds the 1,000-bed threshold, enrollment would be frozen at prior year levels until sufficient new housing is developed. Campus enrollment is rapidly approaching the threshold that would activate the requirement to freeze enrollment if new housing is not provided. The current 2012-13 enrollment projection at Santa Barbara is 20,778. Based on enrollment projections, the threshold would be exceeded by 2016-17. (See Table 1.)

TABLE 1 – Projected Enrollment and Provision of Student Housing

<i>Academic Year</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>
LRDP Baseline Enrollment	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Projected Enrollment	20,778	20,568	20,746	20,986	21,094	21,373	21,589
New Beds Required	778	568	746	986	1,094	1,373	1,589
Current Bed Baseline	7,321						
Sierra Madre			515				
San Joaquin					1,000		
Total Housing Capacity	7,321	7,321	7,836	7,836	8,836	8,836	8,836
New Beds Above Baseline	-	-	515	515	1,515	1,515	1,515
Required Triple Occupancy	778	568	231	471	N/A	N/A	74

Demand for campus undergraduate apartments greatly exceeds supply. The availability of campus undergraduate apartment inventory is further impacted by a guarantee of housing for incoming transfer students. Given the robust demand for limited campus apartments, current freshmen are not allowed to apply for campus apartments for their sophomore year. Even with this limit on potential applicants for campus apartments, requests for apartments this year exceeded supply by more than 750 students. 100 of these applicants were accommodated by converting 100 double-occupancy rooms to triple-occupancy. The remaining 550 plus students were turned away. Given projected enrollment growth, this gap between supply and demand will increase each year until additional inventory is provided.

In addition to the pressures of enrollment growth and housing demand, the campus has a shortage of affordable apartment-style housing. The campus currently provides approximately 960 bed spaces in undergraduate apartments, which are priced approximately 30 percent below

¹ Three-quarter average headcount on-campus enrollment is used to count students.

market. The price disparity between University-owned and market-rate apartments is exacerbated by lease terms; University-owned apartments are provided with a nine-month lease whereas market-rate apartments require a twelve-month lease. Given the relative scarcity of these affordable apartments, there is considerable unmet demand. The campus attempted to address the provision of affordable apartments with the original Public Private Partnership (PPP) proposed project for Sierra Madre Apartments; the developer, however, was unable to accommodate the campus' affordability parameters. Table 2 below compares the cost of a University-owned apartment to the local market.

TABLE 2 – Annual Apartment Cost Comparison (per person)

	Monthly Rate	Annual Rate	Utilities	Annual Total
University-owned	\$570	\$5,130	included	\$5,130
Off-campus Privately Owned	\$740	\$8,880	\$426	\$9,306

Project Description

The proposed San Joaquin Apartments project would provide student housing for single undergraduate students along with support and ancillary amenities. The overall development plan would be comprised of approximately 292,500 assignable square feet (ASF) and nearly 395,000 gross square feet (GSF) of building space. The Project also would include approximately 188,500 GSF to accommodate automobile and bicycle parking, and recreation areas. The proposed Project would include:

- Development of 1,000 student beds in apartment-style housing in three distinct village areas:
 - The North Village: ten two- to four-story walk-up buildings, housing approximately 652 student beds.
 - The West Plaza: two medium-rise buildings of five to seven stories, housing approximately 246 student beds.
 - The New Portola Dining Commons: a mixed-use building of one-story dining with three-story housing above, accommodating approximately 102 beds.
- Support amenities such as study lounges, recreation/workout facilities, laundry, mail, dining, and a convenience store to serve the residents.
- Off-site parking comprising 224 surface spaces would be added across Storke Road at West Campus Apartments to accommodate parking needs. A new transit shuttle-loop system is also proposed to provide shuttle transportation from the site to the campus and remote parking lots. Additional parking would be provided by use of underutilized student housing surface parking in the Storke campus.
- The campus would aim to design the project to achieve a LEED™ Gold rating.

Proposed Site

The proposed location is within the boundaries of the existing Santa Catalina Residence Hall community situated at the corner of El Colegio and Storke Road. To the north, the site is bounded by a private residential community, and to the east the project is bounded by an environmentally sensitive habitat including wetlands. Other site restrictions include code-required building setbacks related to earthquake faults.

The ten-acre site currently consists of two ten-story residential towers housing approximately 1,300 undergraduate students, predominately freshmen. Situated between the towers is a two-story podium structure that provides associated facilities for student support services and activities. These facilities include group study rooms, meeting rooms, fitness center, wellness program, nurse, psychologist, and a police office. Additionally, proximity to outdoor recreation, including the pool and sport courts adds to the value to student life at both communities. The collocation of San Joaquin with Santa Catalina offers the added benefit of ‘economies of scale’ that would leverage existing personnel, programs, operations, and management.

The site area surrounding Santa Catalina is comprised of surface parking for automobiles and bicycles, as well as lawn area, recreation courts, and a pool. The Project would reorganize bike parking and landscaping to accommodate the new housing and recreation. In order to optimize development capacity of the site, parking would be located in a new surface lot across Storke Road and in underutilized student lots on the Storke Campus. This supports campus sustainability goals that aim to discourage residents from bringing cars to campus and promote alternative transportation methods such as bicycling and the proposed shuttle.

Approval Request and Schedule

The requested preliminary plans (“P”) funding of \$7.76 million would enable the campus to refine the scope of the project and budget, and complete schematic design and design development prior to submitting the project for full budget and financing approval from the Regents. The funding would support completion of programming and concept design, comprehensive geologic and seismic surveys, and California Environmental Quality Act (CEQA) documentation. If budget, financing, and design approval by the Regents’ Committee on Grounds and Buildings is granted, construction would commence in summer 2014, with the goal of completion by fall 2016.

The proposed student housing use is in general conformance with the student housing land use designation in the Regentally approved 2010 LRDP. The Coastal Commission has not yet approved the 2010 LRDP. The San Joaquin project is included in the submission of the 2010 LRDP to the Coastal Commission, anticipated for consideration in July 2013. If the Coastal Commission has not adopted the 2010 LRDP at the time of design approval for the San Joaquin project, the Coastal Commission may delay approval of the Notice of Impending Development, which could affect the project schedule.

ATTACHMENTS:

Attachment 1: Preliminary Plans Budget

Attachment 2: Policy Compliance

Attachment 3: Site Alternatives

Attachment 4: Delivery Mode

Attachment 5: Project Site Map

ATTACHMENT 1

PRELIMINARY PLANS BUDGET

<u>Category</u>	<u>Amount</u>
A/E Fees ⁽¹⁾	\$4,298,000
Campus Administration ⁽²⁾	\$680,000
Surveys, Tests, Plans ⁽³⁾	1,060,000
<u>Special Items ⁽⁴⁾</u>	<u>1,722,000</u>
Total Preliminary Plans Budget	\$7,760,000

¹ Executive architect, schematic design, and design development.

² Campus project management, planning, engineering and design review, and contracts administration.

³ Includes site surveys including soils, geologic borings and trenching, and design phase testing.

⁴ Includes programming consultants, CEQA documentation, peer reviews, specialty consultants, and agency fees.

POLICY COMPLIANCE

Capital Financial Plan. The 2012-22 *Capital Financial Plan (CFP)* for the Santa Barbara campus includes the San Joaquin Apartments project. The campus proposes project funding from external finance (\$167,500,000) and housing reserves (\$7,500,000). The campus debt model is inclusive of this project, the Sierra Madre Apartments project, and other anticipated external financing projects. The combined external financing of all projects included in the CFP puts the campus at its debt capacity limits. The \$167,000,000 external financing above reflects the absolute maximum potential debt associated with this project.

Environmental Analysis. The environmental analysis for the project will be provided at the time of project design approval, anticipated to be Sept. 2013. The proposed student housing use is in general conformance with the student housing land use designation in the 2010 LRDP. UC did not own the property at the time of the 1990 LRDP. While the proposed project is in general conformance with the Regentally approved 2010 LRDP, the Coastal Commission has not yet approved the 2010 LRDP. The San Joaquin project is included in the submission of the 2010 LRDP to the Coastal Commission, anticipated for consideration in July 2013. If the Coastal Commission has not adopted the 2010 LRDP at the time of design approval for the San Joaquin project, the Coastal Commission may delay approval of the Notice of Impending Development.

The environmental impact report will analyze the project in light of both the 1990 LRDP (UC did not own the property at that time) and the 2010 LRDP. California Environmental Quality Act (CEQA).

Sustainable Practices. This project will comply with the *University of California Policy on Sustainable Practices*. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements, and achieve a minimum US GBC LEED™ Gold certified rating. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

SITE ALTERNATIVES

The campus evaluated four sites identified in the 2010 LRDP as appropriate for student housing development. The campus did not consider the acquisition of vacant land to meet the need for additional student housing development due to the restrictions of the Agreement.

Two of the four sites have development capacity well in excess of the immediate need and are currently occupied by existing campus functions, including Facilities Management and existing residence halls. While both sites are desirable for student housing development, the relocation of existing functions would be costly and time consuming. Analysis indicates a minimum cost premium in excess of 10 percent to address relocation and an extended schedule. Both sites would require careful design consideration to preserve potential development capacity as identified in the LRDP.

The third site, Sierra Madre, is part of the North Campus and has received approvals for design and related CEQA for 151 two- and three-bedroom apartments. This development has been reviewed and approved by the California Coastal Commission. While the Sierra Madre project will deliver much needed housing, there is insufficient capacity for that project alone to address the existing shortfall in housing.

The fourth site, Santa Catalina Hall, has been determined to be the superior site. The site is designated for student housing in the LRDP. The 2010 LRDP EIR evaluated 600 student beds on the site; however subsequent investigation determined that the site has the development capacity for 1,000 beds.

The San Joaquin site presents the additional opportunity to modify the common areas of the existing Santa Catalina Hall to enhance the center for student services and activities serving the existing housing as well as the proposed new housing. Locating this new development adjacent to Santa Catalina Hall also provides the impetus and opportunity to redevelop the 1960's era dining facility to meet the needs of the larger population.

The number of students proposed to be housed on the site (1,300 current plus 1,000 proposed) allows the campus to better leverage investments in support services (i.e. embedded counseling services, library outpost services, etc.). The site is also within close proximity to the existing West Campus Apartments and the proposed Sierra Madre Apartments, allowing the campus to establish new services provided on-site to a larger residential population. Most importantly, this concentration of university residents would provide the basis for implementing a shuttle service between this "neighborhood" and the main campus. An improvement in alternative transportation between the site and the campus has far reaching benefits for the residents as well as mitigating parking and transportation issues typically associated with new housing development.

DELIVERY MODEL

The campus evaluates alternative delivery models for all new capital projects, including their potential as Public Private Partnerships (PPPs). PPPs have the potential to offer savings in both time and money over conventional delivery, but the unique characteristics of each project and the prevailing market conditions must be evaluated. For the San Joaquin project the campus has concerns regarding a PPP-delivery model based on private sector management and the specific project site that is proposed.

The project would integrate a large program of 1,000 student beds and amenities with the existing 1,300-bed residential Santa Catalina community. Due to specific conditions of the San Joaquin project the campus considers it unsuitable to be delivered via a PPP because of the difficulties associated with having a PPP student housing development operating alongside a university-owned and operated complex. These difficulties would include operational issues related to management, areas of responsibility, student conduct matters, as well as access and security.

Furthermore, the campus has concerns with regards to the quality of student life. The campus has a rich history of residential programming and a well developed range of integrated student support services and programs designed to complement academic and University life experiences. Given that a PPP entity is a for-profit venture, the provision of such programming and services by the PPP entity are balanced against the bottom line and are typically minimized, with a negative impact on student life.

A final significant concern regarding PPP Developed and Managed Housing is the cost of housing for students. While a typical PPP Developed and Managed Housing agreement includes provisions for setting rates at or below market, there is a significant gap between University Owned housing and the local market. At present, University Owned Apartments are approximately 30 percent below market rate. Financial feasibility analysis indicates that future University Owned housing can maintain that margin, while PPP Developed and Managed Housing will be much closer to market rate, thus limiting affordability.

PROJECT SITE MAP

