

The Regents of the University of California

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE  
FINANCE AND CAPITAL STRATEGIES COMMITTEE**

March 15, 2023

The Academic and Student Affairs Committee and the Finance and Capital Strategies Committee met jointly on the above date at the UCSF–Mission Bay Conference Center, San Francisco campus, and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Representing the Academic and Student Affairs Committee: Regents Anguiano, Blas Pedral, Elliott, Hernandez, Park, Sures, and Timmons; Ex officio members Drake and Leib; Advisory members Steintrager and Tesfai; Chancellors Block, Christ, Larive, Wilcox, and Yang; and Staff Advisor Lakireddy

Representing the Finance and Capital Strategies Committee: Regents Chu, Cohen, Makarechian, Matosantos, Pérez, Robinson, and Sherman; Ex officio members Drake and Leib; Advisory members Ellis, Raznick, and Cochran; Chancellors Gillman, Hawgood, Khosla, May, and Muñoz; and Staff Advisor Mackness

In attendance: Secretary and Chief of Staff Lyall, General Counsel Robinson, Provost Newman, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, and Vice Presidents Brown and Lloyd

The meeting convened at 10:55 a.m. with Finance and Capital Strategies Committee Chair Cohen presiding.

**1. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of January 18, 2023 were approved, Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Pérez, Robinson, Sherman, Sures, and Timmons voting “aye.”<sup>1</sup>

**2. OVERVIEW OF UNIVERSITY-PROVIDED STUDENT HOUSING**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

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<sup>1</sup> Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code § 11123(b)(1)(D)] for all meetings held by teleconference.

Executive Vice President and Chief Financial Officer Brostrom reviewed the progress of adding student beds throughout the University of California system from 2011 to 2022, along with the current status of housing across campuses. Student housing is key to UC's efforts to improve student success, affordability, sustainability, and relations with the surrounding communities. UC has added more than 34,000 beds since fall 2011, but has also added 63,000 students during that time, meaning that approximately 30,000 continue to live in local community housing. Housing prices have increased in recent years while supply has decreased. There are long waitlists for on-campus student housing. Housing remains one of most significant challenges UC faces today. Current plans are to add an additional 22,000 by fall 2028, with the potential for an additional 16,000 that are in the early planning stages with funding plans to be determined. Past projects were funded through external financing, reserves from auxiliary units, private philanthropy, public-private partnerships, and through the state's Higher Education Student Housing Grant program. The University received \$389 million in 2022-23 to construct nearly 3,600 beds for low-income students across five campuses and has submitted an additional \$500 million in grant applications for 2023-24, but may only receive about \$50 million of that request. He noted that housing is primarily self-funded through student rents, but that students who cannot afford rent are supported through financial aid. UC campuses aim to charge rents that are below market, while ensuring the long-term viability of their housing portfolio, but this is increasingly difficult due to rising labor and construction costs. California Environmental Quality Act (CEQA) challenges and lawsuits have caused delays and increased the cost for many current housing projects. As such, current plans to build 22,000 new beds might be optimistic. Nevertheless, he stressed that adding student housing must remain a top priority. Increased support for the proposed State revolving loan fund, increasing the State's student housing grant program, and CEQA reform would have the most immediate positive impact on UC's student housing efforts.

Provost Newman discussed the myriad ways that housing insecurity threatens academic stability and student success. She highlighted that financial aid is essential in ensuring that students' basic needs for food and housing are met and noted that UC's financial aid programs take into account the total cost of attendance, including housing and food. More than half of financial aid applicants living on campus received enough aid to cover tuition, fees, housing, and meals. Because on-campus housing is limited, students also have access to assistance with off-campus housing support including rental listings, apartment hunting tips, roommate search platforms, educational workshops, and legal services to help students navigate landlord tenant laws. Campuses also provide resources to housing-insecure students, including places to sleep, cook, shower, and study. Emergency need-based grants are also available.

UC Irvine Associate Vice Chancellor of Auxiliary Services Brice Kikuchi reviewed student housing efforts on the Irvine campus, which currently include 16,600 beds in undergraduate residence halls, themed communities, undergraduate apartments, and graduate apartments. UC Irvine's goals regarding student housing are to enhance the student experience, maintain affordable rental rates, and grow for the future. The campus has a two-year housing guarantee for new incoming first-year and transfer undergraduate

students and a normative time to degree guarantee for Ph.D. and terminal graduate degree students. UCI also extends its housing guarantee for populations that include veterans and foster youth. Leasing cycles begin early and the housing website helps students navigate the housing process. UCI lowers barriers for students by waiving certain portions of the application process and provides accommodations for students with disabilities. While there is no requirement to live on campus, 84 percent of first-year students do so voluntarily. UCI also seeks to provide learning outside of the classroom, including educational programs and leadership opportunities to encourage students to become personally responsible and engaged members of the community. Persistence rates for first-year students living on campus is 94 percent, two percent better than for those living off campus. UCI also provides additional housing resources for off-campus living and housing support consultations with licensed social workers. Rental rates in apartment communities are ten to 30 percent below market rate and rates are set in collaboration with student groups. In order to minimize annual rate increases, UCI sets rates that will cover its debt obligation, cover operational costs, and maintenance, but the lower rates mean that it takes several years to build up cash reserves for future housing development. In 2019, UCI amended its Long Range Development Plan to set a goal of accommodating 60 percent of enrolled students in on-campus housing. The campus was currently on track to open an additional 1,077 spaces in fall 2023 and was seeking approval for another 300-bed project with assistance from the State's housing grant program.

UC Riverside Associate Vice Chancellor of Auxiliary Services Heidi Scribner reviewed the student housing efforts at UCR. In the past ten years, the number of beds at UCR has grown by 58 percent, while the number of students has increased by 27 percent during that time. By fall 2023, the campus will have 8,700 beds, which it has achieved by adding beds and by increasing beds within existing housing spaces. She indicated that the first-year housing offerings are robust, but noted that there exists more opportunity to provide housing for transfer and graduate students, and for students with families. There were 3,000 students on the waitlist for housing as of fall 2022, which she attributed to UCR's enrollment growth, with 8,000 more students expected over the next decade, and increasing real estate costs in the surrounding area. Living on campus positively affects student outcomes, with a 6.4 percent increase in retention of students from their first to their second year and a 6.7 percent increase in four-year graduation rates, in part due to access to resources. Because the majority of UCR students live off campus, the campus provides extensive off-campus housing support, including a housing website, annual fair, legal clinics, housing referrals, financial literacy workshops, emergency housing grants, and other resources. In the future, the Long Range Development Plan aims to grow the UCR student population, necessitating additional on-campus housing. UCR has developed a joint intersegmental proposal with the Riverside Community College District that seeks to provide an additional 1,550 beds, intended to provide housing to students from both institutions and to strengthen the transfer pathway for residents of the Inland Empire region and UC overall.

UC Student Association President Alex Niles addressed five points regarding student housing, including (1) the need to address transit, grocery store access, and other basic need

access; (2) the timing of on-campus housing applications and notifications, compared to off-campus lease timelines, which may need to be signed months earlier than students are notified about on-campus housing availability in order to guarantee availability; (3) the need to prioritize on-campus housing for student populations who have limited access to off-campus housing, including undocumented students, international students, and those at most risk of housing insecurity or homelessness; (4) the need for safe parking for students who are housing-insecure and may be living in their cars; (5) the need to find other ways to make housing affordable to students aside from new construction.

Former President of the UC Graduate and Professional Counsel Gwen Chodur shared her own challenges in finding housing as a graduate student at UC Davis, which nearly forced her to defer for a year. Challenges that she cited for graduate students included the lack of availability of affordable housing and the fact that UC does not pay incoming graduate students until November, which means these students must have enough money to cover rent until that time. She noted that many students commute a significant distance to avoid the expense of housing near campus, live in shared rooms, and may live in spaces not intended to be used as bedrooms. She stressed the importance of addressing this issue, as housing can significantly affect academic success. She requested that the Board consider increasing exceptions to Regents' Policy 5307: University of California Debt Policy, to make housing available on campuses with funding and available land, and to reconsider relations with the UC neighboring cities that have not been supportive of or successful in affordable housing efforts. She requested that the Regents and campus housing directors provide progress reports on affordable housing and room and board plans that center on accessibility for the most affected and vulnerable populations and that the Regents establish a policy requiring all new campus housing goes to a waterfall sharing model for a non-profit public-private partnership deal that also provides occupancy to address housing insecurity reported in past UC Undergraduate Experience Surveys and Graduate Student Experience Surveys as well as basic needs and rapid rehousing services, and that all on-campus housing guarantees 12-month accommodation and availability of those beds.

Regent Makarechian stressed the importance of campuses collaborating to provide student housing and the need to maximize utilization of UC-owned resources, including land. He stated that UC must ensure that it receives the lowest prices for construction and the highest density of beds, which would lower the cost of rent to students. He recommended creating a set of standardized designs that could be used consistently across campuses, thereby reducing architectural fees and providing direction to campuses. He compared a number of housing projects being proposed where the number of beds per acre vary from 260 to 500 per acre. He recommended being more consistent to maximize the number of beds per acre and reduce costs for all projects. He also supported following UC Santa Barbara's approach to allowing students safe space to park, as suggested by Mr. Niles.

Andy Hu, a second-year student at UC Berkeley, shared his perspective on the lack of on-campus housing and housing opportunities for students. He cited increased enrollment at UC campuses and the high cost of living in California as factors affecting availability of on-campus housing. As a result, many UC students seek off-campus housing, which creates

competition in the market and higher costs. He appreciated that UC is working to develop additional housing across campuses, but said that this has not kept up with enrollment and the resulting housing may not be affordable enough for some students. As a first-generation student from a low-income background, he expects UC to do more to support basic needs, including housing. He stressed the importance of addressing this issue and ensuring housing availability for all students.

Regent-designate Tesfai requested clarification on the benefits of a waterfall profit sharing model for housing. Ms. Chodur responded that public-private partnerships can be more expensive and reduce the campus's control over the leasing terms. Alternatively, some campuses have partnered with non-profit organizations. In these arrangements, profits generated from the project go into a waterfall fund that is used to subsidize housing for students.

Regent Park thanked the student leader presenters for sharing their own and others' experiences with housing challenges. She stated that the Regents' goal is to build housing quickly and to ensure affordability for students. She noted that it is important to hear students' experiences and that such stories are likely not unusual. She referenced the language UC uses in its documentation on student housing, which is qualitatively very different from the testimony of real students who face such challenges. She commented that students should not have to work so hard to find housing in order to attend UC and that UC needs to improve the offerings that help students with housing, but at the very minimum should ensure all students understand the reality of the situation and how to navigate finding housing. She then asked Mr. Niles to clarify why rehousing is not helpful for homeless students. Mr. Niles responded that many housing options that are presented to such students are not financially viable.

Mr. Brostrom commented that he would be presenting to the Board on UC's captive insurance company Fiat Lux and would be looking at ways to help students with off-campus housing to help them avoid being taken advantage of by landlords by utilizing renters' insurance and property and liability insurance that UC can offer to the students.

Regent Blas Pedral requested additional information on the \$389 million that the University received for housing, including how many beds that would provide and on which campuses. Mr. Brostrom responded that the State has programs to help with student housing, including the Higher Education Student Housing Grant program, which was providing \$389 million to UC to provide housing across six campuses. The University has also submitted an additional \$500 million of applications for five other campuses, including UCR and UC Merced, which plan to implement joint housing projects in collaboration with the local community colleges. There was a challenge in the fact that the program has been divided, providing the majority of funds to community colleges, so that UC has nearly used its full allocation. The State was also providing a zero-percent revolving loan fund of approximately \$1.5 billion which would allow UC to finance projects below market rates, and this would translate into rental rates around 30 percent below market. The student housing grant program has been very effective and has allowed UCR to provide housing at

as much as 60 percent below market and UC Santa Cruz to provide housing at over 50 percent below market. Unfortunately, because housing is so expensive in these areas, even 50 percent below market is still expensive.

Ms. Newman added that the challenges UC faces in providing affordable housing are extraordinary. In 2021-22, rents nationally escalated 15 percent in a single year and are projected to continue an upward trend in the coming year.

### 3. **STRATEGIC CAMPUS OVERVIEW, IRVINE CAMPUS**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chancellor Howard Gillman shared background on UC Irvine, which has seen significant growth in the last nine years. Applications have increased 70 percent and enrollment has grown 17 percent since 2014. UCI has had the largest number of in-state first-generation students among all UC campuses for five consecutive years and is designated as an Asian American and Native American Pacific Islander-Serving Institution (AANAPISI) and a Hispanic-Serving Institution (HSI). The number of faculty and faculty diversity have increased. UCI's research funding has doubled in the last seven years. By the end of 2025, UCI will have increased its student housing bed count by 44 percent and since 2014 has added half a million square feet of classroom, research, and office space. UCI Health has expanded its clinical locations from four to 11 in that same time and in the next five years would be adding about 2.5 million square feet of clinical and research space at UCI Health Affairs.

#### **Strengths**

Chancellor Gillman outlined a number of UCI's strengths, including outstanding, award-winning faculty, housing availability and responsiveness, and progress in advancing social mobility and the California dream, demonstrated by the fact that UCI was named the number one university doing the most for the American dream by the *New York Times* in 2017. UCI's student outcomes are at or near the top of UC campuses and UCI's unique College of Health Sciences has allowed the campus to expand its health sciences and clinical enterprise and conduct interdisciplinary research. UCI is also a leader in the practice of and research on sustainability and focuses heavily on innovations in teaching and learning, and on technology transfer and entrepreneurship. The campus intentionally reimagined its workplace, to adjust to a blend of in-person, hybrid, and remote working employees.

#### **Weaknesses**

Chancellor Gillman reviewed UCI's weaknesses, including a short-term funding deficit in the core budget, though there is a plan to resolve this deficit in the coming 18 to 24 months. Additional challenges include an application rate that far outpaces UCI's ability to enroll,

gaps in student achievement outcomes, demand for faculty and staff housing that exceeds availability, and a carbon-based central plant that UCI would like to transition to natural gas when funds are available.

### **Threats**

Chancellor Gillman summarized potential threats to UCI, such as the need for additional mental health resources for students, infrastructure needs including deferred maintenance, and the evolving clinical environment, wherein there are recruitment and retention challenges, capacity limitations, increases to labor and supply costs, and other challenges.

### **Opportunities**

Chancellor Gillman outlined opportunities for UCI, including a renewal of the campus' strategic plan, expanding innovations in technology-enhanced education, establishing national leadership in data-driven student success, expanding community and national partnerships, and the Brilliant Future Fundraising campaign, which reached \$1.45 billion of its total \$2 billion goal as of January 2023.

Regent Pérez appreciated the presentation, including the focus on meaningful challenges the campus faces.

Regent Anguiano echoed Regent Pérez's remarks and requested additional information on the Alliance of Hispanic Serving Research Universities and how UCI can be a national leader. Chancellor Gillman responded that when UCI became an HSI, he was invited to join the board of the Hispanic Association of Colleges and Universities (HACU), and there were few R1 universities participating at that time. A group within HACU began to look at specifically what R1 universities that were also HSIs might contribute and whether this was an entity these universities could create. A year ago, they formally announced the formation of the Alliance of Hispanic Serving Research Universities (HSRU), which includes R1 universities from across the nation. This alliance works collaboratively with federal agencies to understand the full value that this alliance can provide in increasing faculty diversity, diversifying various professions, and diversify the professoriate and graduate studies.

Regent-designate Raznick requested more information on UCI's efforts to identify academic policies that present barriers to student retention and graduation rates, which could result in a five percent increase in graduation rates, particularly for low income and underrepresented students. Chancellor Gillman responded that UCI seeks to identify policies that affect eligibility to enroll in certain classes to reduce barriers and that the UCI administration was working in collaboration with the Academic Senate to make impacted majors more accessible. Additionally, UCI would examine support and pedagogical structures and was working to develop broad data analytics that would help identify opportunities for earlier interventions to help improve student achievement.

Regent Timmons asked for more details on plans to address the deferred maintenance deficit. Mr. Brostrom responded that several strategies would be required to address this deficit. In the last month, a \$2.8 billion bond was issued and UC continues to access the market on its own behalf, part of which was for refunding, but this could also open up new money that can be committed to capital. There was also legislation in place for a general obligation bond to be on the ballot in 2024, but the bond would not provide enough funding to address this deficit. In working with Regents Matosantos and Cohen, the Office of the President (UCOP) had identified areas to work with the State on funding, including the reintroduction of lease revenue bonds, which bring in funding and create jobs. UCOP was also considering low-interest loans through a pooled money investment account, primarily for UC medical centers.

Regent Park asked for clarification about the \$90 million structural deficit. It was her understanding that UCI planned to address \$55 million of this deficit through campus unit reductions. Chancellor Gillman responded that the campus had made a general, across-the-board cut last year. In this year, UCI planned another round of reductions, with twice as many reductions from central administrative units than from academic units. At that point, he estimated that it would take eight months to make larger business transformations to address the remaining balance.

Regent Makarechian expressed appreciation for the presentation and asked why UCI was not pursuing high-density housing, including on the large parcel of land subject to regulation by the California Coastal Commission, for which it might be possible to seek an exemption. Chancellor Gillman credited Regent Makarechian with helping the UCI community better understand the value of greater density housing. He expressed that UCI is not resistant to higher density housing and noted that the project on Mesa Court is part of an effort to densify that village structure. Regarding an exemption by the California Coastal Commission, there had been early conversations with the Orange County Fire Authority, which had considered opening a fire station there. This would make it easier to open that land for development, but the idea was not moving forward and there were no active discussions about an exemption. He expressed interest in working with Regent Makarechian to consider the best timing to approach the California Coastal Commission about the possibility of utilizing that land. Regent Makarechian responded that now was the best time to approach the Commission due to the prevalence of conversations around the need for affordable housing.

The meeting adjourned at 12:20 p.m.

Attest:

Secretary and Chief of Staff