

**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, LOT 15 RESIDENCE HALL, LOS ANGELES CAMPUS**

**EXECUTIVE SUMMARY**

The Lot 15 Residence Hall project is one of three housing projects on the Los Angeles campus 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 1,781 beds of on-campus, dormitory-style housing for first- and second-year undergraduates proximate to the existing undergraduate residential community in the Northwest campus; 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 lower division undergraduate students on Lot 15 in the Northwest campus. The students would be housed in a new 343,600-gross-square-foot (gsf) residence hall complex accommodating 311,700 gsf of residential space and 31,900 gsf of common space in two eight-level mid-rise structures. Two housing maintenance support facilities totaling 12,000 gsf would be demolished to create the site for the new housing.

The new beds would be accommodated in triple-occupancy rooms comprising 228 assignable square feet (asf) each, supported by community bathrooms, lounges, and related residential support. Common space would include study rooms, maker space, vending facilities, residential life office, and apartments for faculty and resident directors to stimulate student-faculty interaction, implement programs and events, and support students outside the classroom. Displaced housing maintenance storage functions would be incorporated into the project. Dining would be provided from existing Northwest Campus food service facilities.

At their May 2017 meeting, the Regents approved preliminary plans funding of \$3 million using housing reserves to advance this project. The Regents are being asked to: (1) approve the project budget of \$237,449,000 to be funded by external financing and housing reserves; (2) approve the project scope; (3) approve external financing (\$193,449,000); (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: Lot 15 Residence Hall – preliminary plans – \$3 million to be funded from housing reserves.  
  
To: Los Angeles: Lot 15 Residence Hall – preliminary plans, working drawings, construction, and equipment – \$237,449,000 to be funded from external financing (\$193,449,000) and housing reserves (\$44 million).
- B. The Lot 15 Residence Hall project shall construct approximately 343,600 gross square feet (gsf) of housing space, supplying approximately 1,781 beds, related commons space, and site improvements. The scope includes demolition of Ornamental Horticultural Buildings J and M, totaling approximately 12,000 gsf, to create the site for the proposed residential facility.
- C. The President be authorized to obtain external financing not to exceed \$193,449,000, 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 Lot 15 Residence Hall 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 re-adopt and affirm the Findings for the UCLA LRDP Amendment (2017) and Student Housing Projects.
  - (2) Approve the design of the Lot 15 Residence Hall 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 Lot 15 Residence Hall 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 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 lives on campus or within one mile in University-owned housing and 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**

	<b>Fall 2017</b>	<b>Fall 2018</b>	<b>Fall 2019</b>	<b>Fall 2020</b>	<b>Fall 2021</b>	<b>Fall 2022</b>
<b>Projected Enrollment - Undergraduates</b>	31,002	31,225	31,450	31,100	31,000	31,000
Number of Beds (as new projects are delivered) <sup>1</sup>	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 \$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 undergraduate students 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 three initial 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 Lot 15 Residence Hall project will specifically address the housing needs of first- and second-year undergraduate students. Provision of beds for these students will help achieve the following objectives:

- provide on-campus residence hall-style housing for first- and second-year undergraduates proximate to the existing undergraduate residential community in the Northwest campus;
- 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.

***New Dining and Study Facilities***

Dining is an essential element of a high-quality residential experience for undergraduate students. In recent years, the housing program has added seating to accommodate recent enrollment increases, and invested in infrastructure improvements to increase quality and gain efficiencies in delivery of food service. The program currently serves approximately 33,000 meals per day to 13,237 students from four anchor dining halls and five boutique cafes in the Northwest campus. By increasing the hours of operation in all facilities and minor modifications to expand seating capacity at two of the anchor dining halls, the existing dining facilities can be leveraged to serve approximately 40,000 meals per day to 14,500 students. This increased capacity is sufficient to support the additional students proposed for Lot 15, and will result in increased efficiencies throughout the dining program.

**PROJECT DESCRIPTION**

The proposed project would supply a total of 1,781 beds for undergraduate students in the Northwest campus. The students would be housed in a new 343,600-gross-square-foot (gsf) residence hall complex comprising two eight-level mid-rise buildings with 613 rooms. A total of 311,700 gsf of residential space and 31,900 gsf of common space would be provided.

**Table 2: Proposed Space Allocations**

<b>Program Area/Room</b>	<b># Rooms</b>	<b># Beds</b>	<b>Total ASF</b>	<b>Total GSF</b>
<b>North Building Residential</b>				
Student Rooms	293	847	66,837	
Residential Support*	-	-	21,763	
<b>Subtotal</b>	<b>293</b>	<b>847</b>	<b>88,600</b>	<b>145,300</b>
<b>South Building Residential</b>				
Student Rooms	320	934	72,220	
Residential Support*	-	-	27,180	
<b>Subtotal</b>	<b>320</b>	<b>934</b>	<b>99,400</b>	<b>164,000</b>
Covered-Unenclosed (50%)				2,400
<b>Residential Total</b>	<b>613</b>	<b>1,781</b>	<b>188,000</b>	<b>311,700</b>
<b>Commons and Support</b>				
Front Desk			1,300	
Study Commons			9,700	
Maker Space			2,900	
Vending Facility			1,200	
Residential Life Office			1,800	
Apartments (4)			3,300	
Housing Maintenance Storage			6,300	
<b>Commons Total</b>			<b>26,500</b>	<b>31,900</b>
<b>Grand Total</b>			<b>214,500</b>	<b>343,600</b>

\*Includes student lounges, bathrooms, mail, laundry, housekeeping, trash/recycling collection, and network rooms.

The project would be built on Lot 15, a 3.1-acre site currently occupied by Housing Maintenance support functions to the west of De Neve Drive between the Saxon and Hitch Residential Suites. Two functionally obsolete structures on an underutilized parcel, the 7,200-gsf Ornamental Horticultural Building M (warehouse) built in 1975 and the 4,800-gsf Ornamental Horticultural Building J (greenhouse) built in 1958, would be demolished to accommodate the new construction. Displaced housing maintenance functions would be accommodated in the new complex. Access to the redeveloped site would be from a new pedestrian bridge connecting the proposed project to the existing housing and dining facilities to the east of De Neve Drive and an existing campus roadway from De Neve Drive.

The 1,781 beds would be accommodated in combination of 1,752 income-producing triple-occupancy rooms, and 29 non-income-producing rooms for resident assistants and assistant resident directors responsible for the implementation of student programs and events, and other aspects of residential life. Typical rooms would comprise 228 assignable square feet (asf) each. Student rooms would be supported by community bathrooms, lounges, trash/recycling collections, custodial, and network rooms. Bathrooms would be compartmentalized with private

water closets and shower/dressing areas. Central residential support space would include mail, laundry, and housekeeping facilities. Each residential building would have a loading dock for receiving and trash services.

Common space for student activities would include rooms for individual and group study, maker space, and a vending facility open to all Northwest Campus residents. Apartments for faculty and resident directors serving the residential life office are also provided. These employees facilitate student and faculty interaction, implement programs and events, and support the well-being of students outside the classroom. Replacement housing maintenance parts and materials storage serving the campus with a dedicated loading dock would be incorporated into the complex. Dining would be provided from existing food service facilities. Table 2 summarizes proposed space allocations.

Apartments for faculty-in-residence and resident directors would include two two-bedroom units ranging between 950 asf and 980 asf each with two bathrooms, a living room, dining area, and kitchen. Two one-bedroom units with one bathroom ranging between 680 asf and 700 asf each would also be provided. Appliances would include a stove, refrigerator, dishwasher, microwave oven, and washer/dryer.

The scope of work would include demolition and site preparation; provision of utilities from campus services; installation of telephone and communications connectivity and cabling, cable television, wireless networking, and security systems; and landscape and hardscape improvements. Group 2 and 3 items would include procurement and installation of furniture, equipment, and appliances.

### ***Schedule***

Approval of this action will allow the campus to commence working drawings. Construction would be performed in two phases. Demolition is anticipated from October 2018 to January 2019. Construction would commence in February 2019, with completion in June 2021.

### ***Financial Feasibility***

The total project budget of \$237,449,000 would be funded with external financing (\$193,449,000) and housing reserves (\$44 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 average annual interest payment for years one to five is \$11,607,000. The average annual debt service payment for years six to 35 (principal and interest) is \$14,054,000. The project meets the minimum 1.10x auxiliary project debt service coverage ratio and minimum 1.25x auxiliary system 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 Lot 15 Residence Hall project would be located on a sloped, multi-level site primarily occupied by housing maintenance functions. The Lot 15 site is bounded by De Neve Drive to the east, Saxon Suites to the south, Sycamore Tennis Courts to the west, and Hitch Suites to the north, and offers an opportunity to construct infill housing proximate to the adjacent undergraduate residential suites and Rieber Residence Hall directly across De Neve Drive. An upper pad currently provides parking for service vehicles, a temporary office facility, and storage containers. A lower pad currently accommodates a warehouse for parts and materials storage and a greenhouse used for storage of grounds materials. Displaced storage functions would be incorporated into the redevelopment plans for the site, and the parking, office, and grounds materials would be relocated to other Northwest campus facilities prior to demolition.

The project site is within an area identified in a 1978 Stipulated Agreement of Compromise (“Agreement”) between the Regents and the Westwood Hills Property Owners Association (“Association”) to settle a legal dispute involving two nearby student housing facilities (Saxon Suites and Hitch Suites). Among other provisions, the Agreement defines a portion of UCLA’s Northwest Zone – bordered on the west by Veteran Avenue, on the north by Sunset Boulevard to Bellagio Road, on the east by Bellagio Road and DeNeve Drive and a line running south to Gayley Avenue, and on the south by Gayley Avenue to Veteran Avenue, except for the sites of the Saxon and Hitch Suites – as reserved for so-called “benign uses,” which include open green space, landscape buffer zones, existing horticultural buildings and parking facilities, and low-intensity, non-spectator recreational and athletic space. While the Agreement permitted the completion of the Saxon and Hitch Suites, other student housing projects and other uses not defined as “benign uses” are precluded under the Agreement. An amendment to the Agreement has been approved that lifts the use restriction on the Lot 15 site provided that the design is consistent with the project description in the certified SEIR as presented in this item.

### ***Building Design***

The proposed complex, consisting of two mid-rise residence halls and commons space, would be stepped down the site in response to the topography, organized around landscaped grounds, and connected to the existing undergraduate residential community across De Neve Drive via a pedestrian bridge. The project would accommodate 1,781 beds (approximately 575 beds per acre) in 613 rooms (approximately 198 rooms per acre). The commons space would be located near the main entrance to the complex and distributed along a covered and unenclosed arcade, with study and maker space housed in a glass-enclosed wing with views of the surrounding landscape. Student rooms would be organized along double-loaded corridors with lounges situated for informal social interaction. Mail and laundry rooms would be located centrally. Housing maintenance storage would be segregated from the residential program in a partial subterranean level.

### ***Materials***

Exterior materials, finishes, and colors would relate to the existing student residence halls to the east of the proposed site. Materials and finishes would include integral color stucco cladding, metal panel siding, pre-cast concrete panels, cement panel cladding, aluminum sash, and



enameled sheet metal accent trim. Hardscape materials would include cast-in-place concrete with brick banding to match campus standards.

***Seismic Safety***

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

***Sustainable Practices***

The Lot 15 Residence Hall 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***

The campus has proposed an amendment to the UCLA 2002 LRDP Amendment (Amendment #6) in a separate item at this Regents meeting to add 1,500,000 gsf to the campus’s development allocation, which includes 463,000 gsf of available developable square footage in the Northwest zone to accommodate the proposed Lot 15 Residence Hall project and a future housing project at the Bradley site. 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 (SEIR) was prepared for the *UCLA LRDP Amendment (2017) and Student Housing Projects*, of which the Lot 15 Residence Hall 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 the Lot 15 Residence Hall 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). In connection with certification of the SEIR for the *UCLA LRDP Amendment (2017) (LRDP Amendment #6)*, 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 this project., the Findings for the LRDP Amendment #6 and 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
<b>Attachment 5:</b>	<b>Project Graphics</b>
Attachment 6:	Environmental Impact Summary
Attachment 7:	<i>UCLA LRDP Amendment (2017) and Student Housing Projects Subsequent Environmental Impact Report (SEIR) (including Mitigation Monitoring and Reporting Program)</i> <a href="http://www.capitalprograms.ucla.edu/EnvironmentalReview/ProjectsUnderEnvironmentalReview">http://www.capitalprograms.ucla.edu/EnvironmentalReview/ProjectsUnderEnvironmentalReview</a>
Attachment 8:	UCLA LRDP & LRDP EIR <a href="http://www.capitalprograms.ucla.edu/Planning/LongRangeDevelopmentPlan">http://www.capitalprograms.ucla.edu/Planning/LongRangeDevelopmentPlan</a>
<b>Attachment 9:</b>	<b>CEQA Findings and Statement of Overriding Considerations</b>

**ATTACHMENT 1**

**PROJECT SOURCES AND USES  
CCCI 7375**

<b>PROJECT SOURCES</b>		
<b>Sources</b>	<b>Total</b>	<b>%</b>
External Financing	<b>\$193,449,000</b>	<b>81%</b>
Housing Reserves	<b>44,000,000</b>	<b>19%</b>
<b>Total Sources</b>	<b>237,449,000</b>	<b>100%</b>

<b>PROJECT USES</b>					
<b>Category</b>	<b>Housing</b>	<b>Commons</b>	<b>Site<sup>3</sup></b>	<b>Total</b>	<b>% Total</b>
Site Clearance		64,000	2,310,000	<b>2,374,000</b>	<b>1.0%</b>
Building	165,201,000	16,908,000		<b>182,109,000</b>	<b>79.1%</b>
Exterior Utilities	2,126,000	218,000	154,000	<b>2,498,000</b>	<b>1.1%</b>
Site Development	2,183,000	223,000	2,264,000	<b>4,670,000</b>	<b>2.0%</b>
A/E Fees	9,265,000	948,000	228,000	<b>10,441,000</b>	<b>4.5%</b>
Campus Administration	2,041,000	209,000	50,000	<b>2,300,000</b>	<b>1.0%</b>
Surveys, Tests, Plans	2,751,000	281,000	68,000	<b>3,100,000</b>	<b>1.3%</b>
Special Items <sup>1</sup>	2,730,000	279,000	67,000	<b>3,076,000</b>	<b>1.3%</b>
Interest During Construction	8,937,000	915,000	216,000	<b>10,068,000</b>	<b>4.4%</b>
Contingency	8,507,000	871,000	205,000	<b>9,583,000</b>	<b>4.2%</b>
<b>Total</b>	<b>203,741,000</b>	<b>20,916,000</b>	<b>5,562,000</b>	<b>230,219,000</b>	<b>100%</b>
Group 2 & 3 Equipment	4,830,000	2,400,000		<b>7,230,000</b>	
<b>Project Cost</b>	<b>208,571,000</b>	<b>23,316,000</b>	<b>5,562,000</b>	<b>237,449,000</b>	

<b>Project Statistics</b>	<b>Housing</b>	<b>Commons</b>	<b>Total</b>
Gross Square Feet (GSF) <sup>4</sup>	311,700	31,900	343,600
Assignable Square Feet (ASF) <sup>4</sup>	188,000	26,500	214,500
Net Rentable Square Feet (NRSF) <sup>4</sup>	199,400	27,400	226,800
Efficiency Ratio ASF/GSF	60.3%	83.1%	62.4%
Number of Beds	1,781	NA	1,781
Number of Units	613	NA	613
Units/Acre	198	NA	198
Building Cost/GSF	\$530	\$530	\$530
Project Cost/GSF <sup>2</sup>	\$654	\$656	\$670
Building Cost/NRSF	\$828	\$617	\$803
Project Cost/NRSF	\$1,021	\$763	\$1,015
Building Cost/Bed	\$92,758	NA	\$102,251
Project Cost/Bed <sup>2</sup>	\$114,750	NA	\$129,264
Project Cost/Unit	\$340,246	NA	\$387,437

1. Special Items include pre-design study, pre-construction services, environmental reports, peer reviews, specialty consultants, agency fees, hazmat survey and abatement, LEED<sup>TM</sup> coordination, messenger, and insurance.
2. Project cost excludes Group 2 and 3 equipment.
3. Site category includes premium costs to develop a largely undeveloped, steeply sloping site requiring investment in site utilities, grading, retaining walls, stairs, and construction of a bridge across De Neve Drive to provide pedestrian access to the proposed housing complex.
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 NRSF 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 7375**

**Student Housing**

Location – Project Name <sup>1</sup>	Date <sup>2</sup>	No. of Beds	Building Cost/GSF	Project Cost/GSF <sup>3</sup>	Building Cost/Bed	Project Cost/Bed <sup>3</sup>	Project Cost/Unit <sup>3</sup>
<i>UCLA – Lot 15 Residence Hall</i>	<i>11/17</i>	<i>1,781</i>	<i>\$530</i>	<i>\$670</i>	<i>\$102,251</i>	<i>\$129,264</i>	<i>\$375,561</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
Pepperdine - Residence Hall Suites	3/18	485	\$482	NA	\$119,785	NA	NA
USC - Village Apartments Building 8	10/16	373	\$621	NA	\$260,268	NA	NA
Scripps College - Residence Hall Suites	1/16	110	\$640	NA	\$216,885	NA	NA

1. Projects have been adjusted to reflect the proposed project's CCCI (California Construction Cost Indices) of 7375 corresponding to the mid-point of construction.
2. For UC projects, the date represents the date of UC's Capital Improvement Budget.
3. Project cost excludes Group 2 and 3 Equipment.

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

- Development of a largely undeveloped, steeply sloping site requiring new utility infrastructure, grading, retaining walls, and a pedestrian bridge.
- 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**

<b>LOS ANGELES CAMPUS</b>	
Project Name	<b>Lot 15 Residence Hall</b>
Project ID	<b>946259</b>
Total Estimated Project Cost	\$237,449,000
Anticipated Interest During Construction (included in total estimated project cost)	\$10,068,000

<b>PROPOSED SOURCES OF FUNDING<sup>1</sup></b>	
External Financing	\$193,449,000
Housing Reserves	44,000,000
<b>Total</b>	<b>\$237,449,000</b>

<b>FINANCING ASSUMPTIONS</b>	
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 (interest-only through FY 2027)
Final Maturity (e.g. 20xx)	FY 2057
Term (e.g. 30 years)	35 Years – 5 years interest-only, Then 30 years principal & interest
Estimated Average Annual Debt Service	\$11,607,000 - Years 1-5 (interest-only) \$14,054,000 - 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.

<b>MEASURE</b>	<b>CAMPUS FINANCING BENCHMARKS</b>		
	<b>10 YEAR PROJECTIONS</b>	<b>APPROVAL THRESHOLD</b>	<b>REQUIREMENT</b>
Modified Cash Flow Margin <sup>2</sup>	1.8% (min), FY2025	≥ 0.0%	Must Meet
Debt Service to Operations <sup>2</sup>	3.7% (max),FY2023	≤ 6.0%	Must Meet 1 of 2
Expendable Resources to Debt <sup>2</sup>	NA	≥ 1.00x	
Auxiliary Project Debt Service Coverage <sup>3</sup>	1.70x (min), FY2028	≥ 1.10x	Must Meet for Auxiliary Projects
Auxiliary System Debt Service Coverage <sup>4</sup>	1.42x (min), FY2023	≥ 1.25x	Must Meet for Auxiliary Projects

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

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

<sup>3</sup> Auxiliary Project Debt Service Coverage is an individual project metric.

<sup>4</sup> 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 Lot 15 site in the Northwest campus zone is underdeveloped and can be cleared at an early date.

## 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 Lot 15 Residence Hall 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 Lot15 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 Lot 15 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 Lot 15 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 Lot 15 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 with 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 Lot 15 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 SEIR were warranted because of public comments. Based on the SEIR, the proposed Student Housing Projects, including the Lot 15 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 Lot 15 Residence Hall project.