

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of January 24, 2018

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

EXECUTIVE SUMMARY

The Southwest Campus 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 2,279 beds of on-campus apartment-style housing essential for the retention of upper-division undergraduates, the recruitment of outstanding graduate and transfer students, and additional graduate housing proximate to the existing graduate residential community in the Southwest 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 the UCLA campus from a commuter to a residential campus.

The proposed project would supply beds for upper-division undergraduate students and graduate students in the Southwest Campus. The students would be housed in a new 591,100-gross-square-foot (gsf) apartment complex consisting of 563,200 gsf of residential space and 27,900 gsf of common space. Warren Hall, a 102,200-gsf laboratory and office building and a 7,200-gsf research facility, would be demolished to create the site.

The proposed apartment complex, consisting of three mid-rise buildings, would accommodate a total of 358 units. Two buildings would supply 1,958 beds for undergraduates and the third would supply 321 beds for graduate students. Typical apartment units would consist of four-bedroom two-bath units with a living area and a kitchen, furnished to house eight undergraduates or four graduates in each unit. Flexible unit layouts would enable each of the buildings to be

reassigned to undergraduate or graduate use over time. Common space would include multipurpose space for student activities and a housing maintenance office serving residents of the complex, the adjacent Weyburn Terrace graduate student community, and nearby University-owned housing in Westwood; and study commons, laundry, mail, and vending facilities serving residents of the complex. Landscaped plazas would create a focal point of student life for all of these students.

At the May 2017 meeting the Regents approved preliminary plans funding of \$4.3 million using housing reserves to advance this project. The Regents are being asked to: (1) approve the project budget of \$383.29 million to be funded by external financing and housing reserves; (2) approve the project scope; (3) approve external financing (\$303.29 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: Southwest Campus Apartments – preliminary plans – \$4.3 million to be funded from housing reserves.

To: Los Angeles: Southwest Campus Apartments – preliminary plans, working drawings, construction, and equipment – \$383.29 million to be funded from external financing (\$303.29 million) and housing reserves (\$80 million).

- B. The Southwest Campus Apartments project shall construct approximately 591,100 gross square feet (gsf) of housing space, supplying approximately 2,279 beds, related commons space, and site improvements. The scope includes demolition of Warren Hall (102,200 gsf) and a modular research building (7,200 gsf), to create the site for the proposed residential facility.

- C. The President be authorized to obtain external financing not to exceed \$303.29 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 Southwest Campus 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 Southwest Campus 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 Southwest Campus 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 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

	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).

For graduate students, UCLA does not currently offer a guarantee beyond spaces allocated for 1,000 students nominated by their departments. The remaining graduate inventory is filled based on lottery applications, and is insufficient to provide a guarantee to all incoming students or meet current demand. In 2017-18 the waitlist for graduate student housing included 1,000 single graduate students and 900 graduate students with families.

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 to 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 existing graduate housing demand in one location.

The proposed Southwest Campus Apartments project will specifically address the housing needs of both upper division undergraduate and graduate 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 and the recruitment of outstanding graduate and transfer students;
- 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 an approximate total of 2,279 beds for undergraduate and graduate students in the Southwest Campus. Students would be housed in a new 591,100-gross-square-foot (gsf) apartment complex comprising three mid-rise buildings ranging between eight and ten stories that would be designed to accommodate a total of approximately 358 units. A

total of approximately 563,200 gsf of residential space and approximately 27,900 gsf of common space would be provided.

The project would be built on the current site of Warren Hall, a 102,200-gsf laboratory and office building built in 1961, and the 7,200-gsf Hillblom Islet Research Center built in 2004, which would be demolished and the occupants relocated to School of Medicine space in the Center for the Health Sciences and other campus facilities. The 3.9-acre site is bounded by Weyburn Place to the east, and portions of the Weyburn Terrace Graduate Student Housing complex to the north, west, and south. The campus has had an aspiration to develop this site for student housing since the Weyburn Terrace project was built in the early 2000s. The proposed complex would be organized around a series of landscaped plazas with pedestrian connections to the adjacent housing and public streets.

Of the total of 2,279 beds, 1,958 beds would be for undergraduates in two of the buildings and 321 beds would be for graduate students in the third building. Approximately 2,268 of the total number of beds would be income-producing, while 11 beds would be non-income-producing, reserved for apartment coordinators responsible for administering residential life programs to undergraduate students living in the complex.

Common space would include multipurpose space for student activities and a housing maintenance office serving residents of the complex, the adjacent Weyburn Terrace graduate student community, and nearby University-owned housing in Westwood; and study commons, laundry, mail, and vending facilities serving residents of the complex. The landscaped plazas would create a focal point of student life for all of these students. Residential support space for corridor lounges, custodial, trash/recycling, and communications network functions would also be provided. Table 2 summarizes proposed space allocations.

Typical apartment units range from 1,181 assignable square feet (asf) to 1,314 asf and each would consist of four-bedroom two-bath units with a living area and kitchen. Some two- and three-bedroom units would also be provided. The undergraduate apartments would be furnished to accommodate a total of eight students in each unit, and the graduate apartments would be furnished to accommodate a total of four students in each unit. Flexible unit layouts would enable each of the buildings to be reassigned to undergraduate or graduate use over time. Kitchens would include a refrigerator, oven, range, microwave oven, and a dishwasher.

Resident parking for the 321 graduate students would be accommodated in existing Weyburn Terrace parking facilities that have an overall capacity of approximately 1,200 spaces. Parking for undergraduates would not be provided in accordance with campus policy. Limited parking spaces would be provided to accommodate the drop-off, pick-up, and service needs. Site access for service vehicles and passenger drop-off and pick-up would be from Weyburn Place.

The scope of work would include demolition and site preparation; provision of domestic water, fire water, sewer, gas, electrical and telecommunications utilities from campus services; installation of telephone and communications connectivity and cabling, cable television, wireless networking, and an electronic card key security system. Site work would include installation of

paving, landscaping, irrigation, site furniture, lighting, and signage. Group 2 and 3 items would include procurement and installation of furniture, equipment, and appliances.

Schedule

Demolition is scheduled for November 2018 to April 2019. Approval of this action will allow the campus to commence working drawings. Construction would begin in May 2019, with completion anticipated in April 2022.

Financial Feasibility

The total project budget of \$383.29 million would be funded with external financing (\$303.29 million) and housing reserves (\$80 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 \$18,198,000. The average annual debt service payment for years six to 35 (principal and interest) is \$22,034,000. 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.

Table 2: Proposed Space Allocations

Program Area/Room	# Units	# Beds	Avg. ASF Per Unit	Total ASF	Total GSF
Building 1 (Graduate)					
2 Bedroom/1 Bathroom – 2 Beds	8	16	685	5,480	
3 Bedroom/2 Bathroom – 3 beds	3	9	978	2,934	
4 Bedroom/2 Bathroom – 4 beds	74	296	1,122	83,028	
Residential Support*				4,158	
Subtotal	85	321		95,600	140,700
Building 2 (Undergraduate)					
2 Bedroom/1 Bathroom – 4 Beds	33	132	690	22,770	
3 Bedroom/2 Bathroom – 6 beds	1	6	1,127	1,127	
4 Bedroom/2 Bathroom – 8 beds	105	840	1,137	119,385	
Residential Support*				4,318	
Subtotal	138	978		147,600	210,200
Building 3 (Undergraduate)					
2 Bedroom/1 Bathroom – 4 Beds	22	88	711	15,642	
3 Bedroom/2 Bathroom – 6 beds	2	12	928	1,856	
4 Bedroom/2 Bathroom – 8 beds	110	880	1,160	127,600	
Residential Support*				3,502	
Subtotal	134	980		148,600	212,300
Total	358	2,279		391,800	563,200
Common and Support					
Multipurpose Room				10,900	
Study Commons (3)				4,225	
Laundry Rooms (3)				2,400	
Mail Room				2,125	
Vending Space				200	
Maintenance Office				2,700	
Subtotal				22,550	24,200
Covered-Unenclosed (50%)					3,700
Total				22,550	27,900
Grand Total				414,350	591,100

*Includes corridor lounges, custodial, trash, and network rooms.

DESIGN ELEMENTS

Proposed Site

The proposed Warren Hall site is currently surrounded on the north, west, and south by the Weyburn Terrace Graduate Student apartment complex. Development of this parcel will provide opportunities for creative study, collaboration, activities, and events with residents of the adjacent graduate community and residents of other University-owned housing in Westwood. Occupants of the existing buildings on the site will be relocated to other campus facilities.

Building Design

The residential complex is designed in the Southern California Mission Revival style, similar in character to that of the first and second phases of the adjacent Weyburn Terrace Graduate Housing complex, nearby Westwood Village, and Los Angeles courtyard housing. The project would accommodate 2,279 beds (approximately 584 beds per acre) in approximately 92 units per acre in two-, three-, and four-bedroom apartments. The stepped building massing provides articulation and scale compatible with the surrounding context, and a series of exterior plazas and a multi-purpose space for student activities provides a focal point for student life. Commons space is on the ground floor with entrances located to animate the outdoor space. Study commons and laundry spaces are allocated in each building, while there are central mail and vending facilities. The site is designed to connect the proposed complex to the adjacent campus residential buildings, and a primary entrance point from the bus stop on Weyburn Avenue.

Materials

Building materials include integral color stucco cladding; pre-cast concrete and ceramic tile trim and cladding; aluminum sash; enameled sheet metal accent trims; steel and enameled sheet metal ornamental details, balconies, gutters and downspouts; and a mission tile roof. Hardscape materials include cast-in-place concrete with 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 Southwest Campus Apartments project will comply with the University's 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 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 540,500 gsf of available developable square footage in the Southwest zone to accommodate the proposed Southwest Campus 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 Southwest Campus 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 the Southwest Campus 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 Feet
CEQA	California Environmental Quality Act
GSF	Gross Square Feet
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/LRDPAmdendmentFinalSEIR.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 7476

PROJECT SOURCES					
Sources				Total	%
External Financing				\$303,290,000	79%
Housing Reserves				80,000,000	21%
Total Sources				383,290,000	100%
PROJECT USES					
Category	Housing	Commons	Site³	Total	% Total
Site Clearance			5,451,000	5,451,000	1.5%
Building	287,890,000	14,262,000		302,152,000	80.4%
Exterior Utilities	3,737,000	185,000		3,922,000	1.0%
Site Development	2,419,000	120,000	3,585,000	6,124,000	1.6%
A/E Fees	11,159,000	553,000	343,000	12,055,000	3.2%
Campus Administration	2,499,000	124,000	77,000	2,700,000	0.7%
Surveys, Tests, Plans	3,425,000	170,000	105,000	3,700,000	1.0%
Special Items ¹	4,108,000	203,000	126,000	4,438,000	1.2%
Interest During Construction	18,025,000	893,000	554,000	19,471,000	5.2%
Contingency	14,702,000	728,000	452,000	15,882,000	4.2%
Total	347,964,000	17,238,000	10,693,000	375,895,000	100%
Group 2 & 3 Equipment	6,285,000	1,110,000		7,395,000	
Project Cost	354,249,000	18,348,000	10,693,000	383,290,000	

Project Statistics	Housing	Commons	Total
Gross Square Feet (GSF) ⁴	563,200	27,900	591,100
Assignable Square Feet (ASF) ⁴	391,800	22,550	414,350
Net Rentable Square Feet (NRSF) ⁴	411,100	22,700	433,800
Efficiency Ratio ASF/GSF	69.6%	80.9%	70.1%
Number of Beds	2,279	NA	2,279
Number of Units	358	NA	358
Units/Acre	92	NA	92
Building Cost/GSF	\$511	\$511	\$511
Project Cost/GSF ²	\$618	\$618	\$636
Building Cost/NRSF	\$700	\$628	\$696
Project Cost/NRSF	\$846	\$759	\$866
Building Cost/Bed	\$126,323	NA	\$132,581
Project Cost/Bed ²	\$152,683	NA	\$164,939
Project Cost/Unit	\$989,522	NA	\$1,070,642

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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 lab building; site preparation; hazardous materials abatement; construction of a site elevator, retaining walls, planters, courtyards, and landscaping; and repairs and improvements to adjacent city streets.
 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 7476**

Location – Project Name ¹	Date ²	No. of Beds	Building Cost/GSF	Project Cost/GSF ³	Building Cost/Bed	Project Cost/Bed ³	Project Cost/Unit ³
<i>UCLA – Southwest Campus Apartments</i>	<i>11/17</i>	<i>2,279</i>	<i>\$511</i>	<i>\$636</i>	<i>\$132,581</i>	<i>\$164,939</i>	<i>\$1,049,986</i>
UCSD – Nuevo East Student Housing	5/17	1,414	\$319	\$390	\$164,464	\$201,247	\$375,920
UCSF – Minnesota Street Housing	3/17	710	\$550	\$699	\$256,088	\$326,175	\$389,216
UCSD – Nuevo West Graduate Housing	9/16	804	\$309	\$390	\$154,605	\$194,766	\$391,411
UCSD – Mesa Nueva Graduate Housing	3/15	1,355	\$312	\$421	\$139,800	\$188,541	\$232,249
UCLA - Weyburn Terrace	9/13	500	\$407	\$486	\$223,761	\$267,481	\$267,481
UCSD - North Campus Housing Phase 2	6/12	750	\$406	\$462	\$129,194	\$146,993	\$801,511
USC - Village Apartments Building 8	10/16	373	\$636	NA	\$266,775	NA	NA

1. Projects have been adjusted to reflect the proposed project's CCCI (California Construction Cost Indices) of 7519 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:

- Demolition of an existing laboratory building to convert the site from academic to residential use, provision of infrastructure and construction of landscaped plazas and walkways connected to the adjacent campus and city streets.
- 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	Southwest Campus Apartments
Project ID	946391
Total Estimated Project Cost	\$383,290,000
Anticipated Interest During Construction (included in total estimated project cost)	19,471,000

PROPOSED SOURCES OF FUNDING ¹	
External Financing	\$303,290,000
Housing Reserves	80,000,000
Total	\$383,290,000

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 (interest-only through FY 2027)
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	\$18,198,000 - years 1-5 (interest-only) \$22,034,000- 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	1.42x (min), FY2028	≥ 1.10x	Must Meet for Auxiliary Projects
Auxiliary System Debt Service Coverage ⁴	1.42x (min), FY2023	≥ 1.25x	Must Meet for Auxiliary Projects

[We have requested a copy of project financial to understand the relatively high 1.42 dscr]

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, the Lot 15 site in the Northwest campus zone is underdeveloped and can be

cleared at an early date, and there is a campus commitment to vacate Warren Hall so that additional housing can be constructed on the Southwest Campus site.

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 Draft Subsequent Environmental Impact Report (SEIR) for the UCLA LRDP Amendment (2017) and Student Housing Projects has been prepared of which the Southwest Campus 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 Southwest Campus 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 Southwest Campus Apartments, 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 Southwest Campus Apartments, 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 Southwest Campus 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). 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 Southwest Campus 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 SEIR were warranted because of public comments.

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