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Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

INFORMATION ITEM

For Meeting of January 22, 2020

GATEWAY STUDENT HOUSING PROJECT, BERKELEY CAMPUS

EXECUTIVE SUMMARY

A donor has offered to design, construct, and donate to the Berkeley campus a student residential building on Regents-owned land in downtown Berkeley. The proposed student housing project includes approximately 750 to 810 beds within apartment-style units targeted for transfer and upper division students; a number of lounge, meeting, and activity spaces for both residents and other students commuting via downtown Berkeley; and ground floor community and student-serving retail. The donor envisions a unique program concept where net operating revenues from the project will go towards providing scholarships for low-income students at the campus. The proposed project will increase Berkeley's much-needed student housing stock, provide high-quality living experiences to transfer students, and expand the University's scholarship program.

BACKGROUND

In response to the critical need for student housing at UC Berkeley and as part of the campus's Student Housing Initiative, a donor—among the University of California's most generous philanthropic partners—has offered to make a gift to the University to fully design, develop, and construct a new student housing facility on a site owned by the Regents (Project). The Berkeley campus currently has the lowest proportion of student housing to students, compared to other UC campuses. Access to housing for UC Berkeley students is a matter of urgent concern due to high housing costs in the Bay Area. In January 2017, Chancellor Christ established the following housing goals: provide two years of housing for entering freshmen, provide one year of housing for entering transfers, provide one year of housing for graduate students, and provide up to six years of housing for untenured faculty. The Project is an opportunity to help meet the campus housing need.

PROJECT DESCRIPTION

Proposed Project Site

The Project site is located in the city of Berkeley, bounded by University Avenue, Oxford Street, Walnut Street, and Berkeley Way. The site is located immediately adjacent to the western edge

of the Berkeley campus (see Attachment 1) and is on a block consisting of six parcels totaling approximately 0.9 acres. The University owns five of the parcels, which includes two campus administrative units that will be relocated. Development of the Project is being proposed on the five University-owned parcels. The remaining parcel on the block is an occupied multifamily residential building at the corner of Berkeley Way and Walnut Street that is under private ownership.

The site is located in downtown Berkeley and the neighborhood context is well-suited to multifamily housing. Eight multifamily apartment buildings currently exist in the immediate two block radius, in addition to a robust downtown retail environment, allowing the development to fit within the land use context of the city. The Project will be a part of an emerging residential neighborhood where several new privately-developed multifamily buildings are currently in planning or under construction.

Conceptual Project Program and Design

The donor has offered to fully fund and manage the design, development, and construction of a new student housing development and donate the Project to the campus. The building is proposed to contain between 750 and 810 apartment-style beds for transfer and upper division students. The Project will include residential amenity space that will serve residents, and lounge and meeting space for other UC Berkeley students. The site is well suited to serve both residents and students commuting to campus via transit connections in downtown Berkeley. The proposed Project will also house retail and UC office space (see Table 1). The proposed program for the Project supports the instruction and research mission of the University by providing much-needed housing for students, as well as revenue to support both the operations of the building and scholarships for low-income students.

Table 1: Proposed Project GSF by Use

Use	Approx. Gross Square Feet
Student Residential	216,000
Residential Amenity Space	41,200
Retail	13,500
UC-related Offices	4,700
Total	**275,400**

The Project site will be designed to improve pedestrian access and to create a vibrant and attractive space between the campus and downtown Berkeley, with generous sidewalks and retail at the ground floor.

The proposed Project will incorporate several types of open space. Initial concepts include an internal courtyard and galleria-type space, a rooftop with outdoor use, and a multi-use second floor "front porch." The donor development team has met with the UC Berkeley Design Review Committee, most recently in October 2019, to discuss potential design concepts.

As required by the University of California Policy on Sustainable Practices, the Project will adopt energy efficiency and sustainability to the fullest extent possible. The donor intends to achieve at least LEED Gold standards and be consistent with UC Berkeley sustainability goals.

Proposed Construction Delivery and Operations Approach

The proposed development will utilize a donor development delivery approach wherein the donor development team secures site control through a license during construction. At Project delivery, the license will end and the improvements will transfer to the Regents.

The donor envisions a unique programming concept which includes a high-quality and community-oriented apartment building that supports student achievement, and supports transfer students in particular. The University is working with the donor to explore how net operating income from the building can be used to offer enhanced living experiences for transfer and upper division students and meet the operational goals of the building, which potentially could include offering a private bedroom for every student, providing a variety of healthy food options, creating a special reserve fund to ensure that the building is maintained to a high level, and exploring options to create scholarship opportunities for low-income students. Such principles will be incorporated into agreements between the University and the donor.

Project Rents/Affordability

The campus is striving to achieve below-market rents for the Project. Rates for the Project will be based on rates set by the Berkeley campus for comparable on-campus housing options.

In addition to providing Project rents which are as affordable as possible, the campus is creating a scholarship fund to provide assistance to low-income students.

Project Schedule

The campus is anticipating approval of business terms and design pursuant to the California Environmental Quality Act (CEQA) in 2021. The Project will break ground after approvals, with an estimated two-year construction period.

Key Milestones	
CEQA Public Review	Q2 2021
Business Terms Approval	Q2 2021
Design/CEQA Approval	Q3 2021
Construction Start	Q3 2021
Grand Opening	Q3 2024

CONCLUSION

The Project will significantly help meet multiple campus objectives. First, the Project will develop a key housing opportunity site with minimal disruption to campus activities. Next, the robust residential program and amenity spaces will bring a unique student housing experience for transfer students and add diversity to the campus's housing portfolio. Finally, the donor development delivery model will ensure low costs to the campus while seeking avenues to reduce the cost of attendance for students. The donor's vision for the Project and commitment to meeting the campus's needs will greatly benefit the Berkeley campus.

Key to Acronyms:

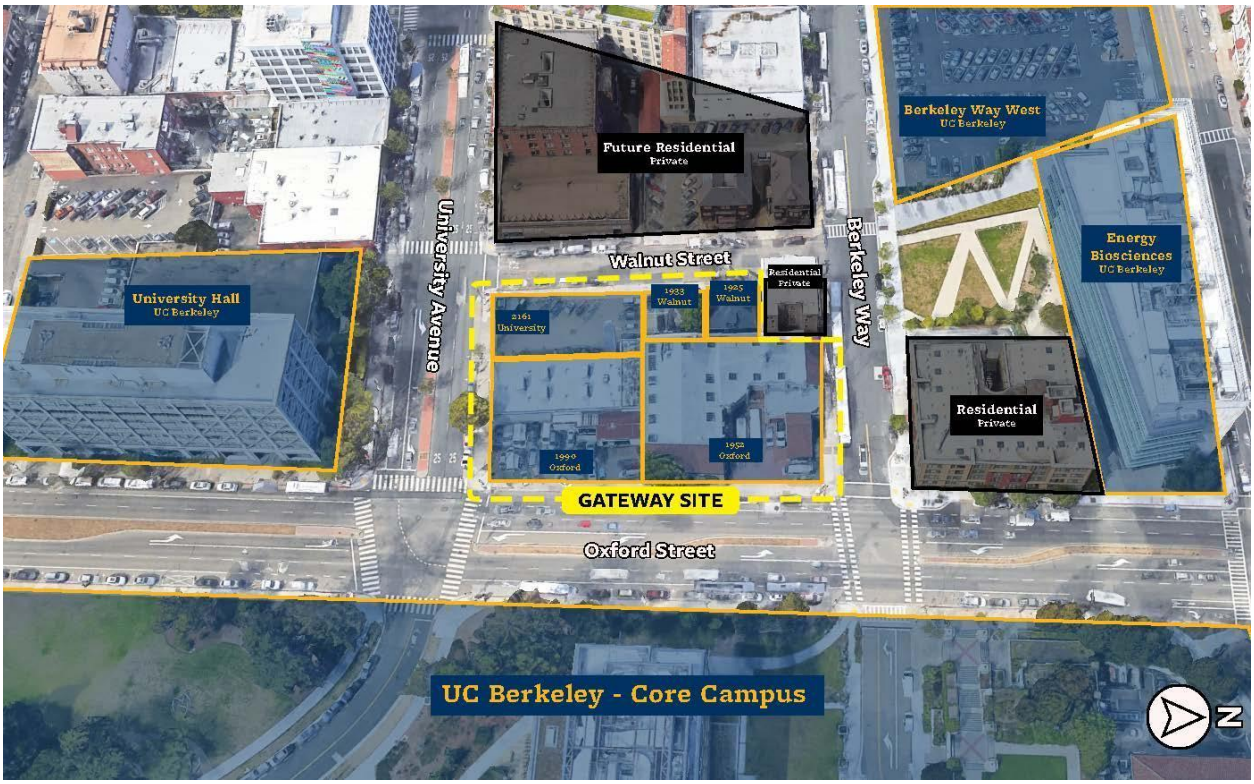
CEQA	California Environmental Quality Act
LRDP	Long Range Development Plan

Attachments:

Attachment 1	Location Map
Attachment 2	Site Map

ATTACHMENT 1:

Location Map

ATTACHMENT 2:

Site Map