

**Office of the President**

**TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:**

**ACTION ITEM**

*For Meeting of July 12, 2017*

**APPROVAL OF BUDGET AND EXTERNAL FINANCING, NORTH TORREY PINES LIVING AND LEARNING NEIGHBORHOOD, SAN DIEGO CAMPUS**

**EXECUTIVE SUMMARY**

The proposed North Torrey Pines Living and Learning Neighborhood project would locate student housing together with academic space to simultaneously address the high demand for additional housing, classroom, and academic space, and provide needed parking. The proposed project would provide approximately 644,000 assignable square feet including 2,000 new undergraduate beds in a mix of residence halls and apartments (approximately 235 beds/acre or 48 dwelling units/acre); residential support space for undergraduate students; dining, market, and retail space; new lecture halls and classroom; residential life and administrative space for students and staff in Sixth College; and approximately 1,250 below-grade parking spaces (278 net new). The project would be located on an eight-and-a-half-acre parcel that is currently home to two surface parking lots (972 parking spaces) and a temporary research facility.

Locating student housing together with academic space would enrich the student experience by creating areas for collaboration and interaction between students and faculty across various disciplines. The San Diego campus anticipates that this mixed-use approach of integrating housing, teaching, learning, and social spaces in one location will lower project costs due to economies of scale and shared infrastructure. Demand for on-campus housing continues to be at an all-time high because it is significantly more affordable than off-campus housing in the surrounding private market.

In November 2016, the Regents approved preliminary plans funding for the North Torrey Pines Living and Learning Neighborhood project in the amount of \$22,250,000, to be funded from housing reserves (\$13,350,000) and campus funds (\$8.9 million). The funding supported scope refinement, detailed programming, preliminary design, design development, and project cost estimating. During this refinement process, the campus determined that a portion of the North Torrey Pines Living and Learning Neighborhood project could be separated into a distinct project and be eligible for submittal as part of the *2018-19 Budget for State Capital Improvements*. As a result of this opportunity, the campus separated the Ridge Walk Academic Complex from the larger North Torrey Pines Living and Learning Neighborhood project.

## COMMITTEE

July 12, 2017

Within the November 2016 approval of \$22,250,000 for preliminary plans for the North Torrey Pines Living and Learning Neighborhood project, \$4 million in campus funds was applicable to elements that now constitute the Ridge Walk Academic Complex. With this proposal, the scope and budget for the Ridge Walk Academic Complex would be transferred from the North Torrey Pines Living and Learning Neighborhood to its own capital project. Ridge Walk Academic Complex is the subject of a separate, but related, action being considered concurrently at this Regents meeting.

The Regents are being asked for the North Torrey Pines Living and Learning Neighborhood to: (1) approve the project budget of \$509,450,000 to be funded with external financing (\$494,950,000), gift funds (\$8 million), and housing reserves (\$6.5 million); and (2) approve \$494,950,000 of external financing. This action will reimburse the \$18,250,000 in housing reserves and campus funds used for preliminary plans with external financing.

**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: San Diego: North Torrey Pines Living and Learning Neighborhood – preliminary plans – \$22,250,000 to be funded from housing reserves (\$13,350,000) and campus funds (\$8.9 million).
- To: (1) San Diego: North Torrey Pines Living and Learning Neighborhood – preliminary plans, working drawings, construction, and equipment – \$509,450,000 to be funded with external financing (\$494,950,000), gift funds (\$8 million), and housing reserves (\$6.5 million); and
- (2) San Diego: Ridge Walk Academic Complex – preliminary plans and working drawings – \$12 million to be funded from campus funds.
- B. The scope of the North Torrey Pines Living and Learning Neighborhood project shall provide approximately 644,000 assignable square feet in a mixed-use environment, including approximately 2,000 undergraduate beds, resident support space, and residential dining; lecture halls and classroom; residential life and administrative space for students and staff in UC San Diego's Sixth College; market and retail space; and approximately 1,250 below-grade parking spaces. The project shall also realign Scholars Drive, make improvements to Ridge Walk along the eastern edge of the neighborhood, and other site improvements to create a pedestrian- and bicycle-friendly community.
- C. The President be authorized to obtain external financing in an amount not to exceed \$494,950,000 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 San Diego 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. The President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.

### **BACKGROUND**

The proposed North Torrey Pines Living and Learning Neighborhood (LLN) project would be a mixed-use project providing approximately 644,000 assignable square feet (ASF) consisting of approximately 2,000 new beds for undergraduate students in residence halls (1,100 beds) and apartment configuration (900 beds); residential and community dining; resident support space; new home for UC San Diego's Sixth College, including the provost, student affairs units, and writing program; lecture halls and a general assignment classroom; and market and retail space. In addition, the proposed project would include a below-grade parking structure of approximately 1,250 spaces (net addition of 278 spaces). The LLN would be developed on an eight-and-a-half-acre parcel, currently being used for surface parking and a 6,700-ASF temporary structure known as the "Bubble Building" that serves as the home for the Chemistry/Biochemistry Department's research in Nuclear Magnetic Resonance (NMR) spectroscopy.

#### ***Sixth College***

UC San Diego's college system personalizes the delivery of services to undergraduate students and combines the intimacy of a small college with the intellectual breadth and resources of a large research university. Each of the semiautonomous undergraduate colleges has its own campus neighborhood, residence facilities, staff, traditions, general-education requirements, and distinctive educational philosophy. The campus is committed to maintaining and strengthening the college system, and is continuing its plan to accommodate undergraduate student enrollment growth while keeping each college at a reasonable size to foster a sense of community.

Sixth College, the youngest of all the colleges, opened in 2002 and is located in older facilities that have been used as the "incubation" site for new colleges as they are established. The college administrative and core academic space is located in approximately 12,000 ASF in Pepper Canyon Hall, a building near the residential facilities but containing a wide mix of other academic and administrative uses not related to Sixth College. With enrollment growth driving the planning for a seventh college, new facilities are needed to provide a permanent home for

Sixth College so that the current housing and administrative space assigned to Sixth College can be reassigned to a future seventh college upon completion of the proposed project.

### ***Housing Demand***

As stated in the *Update on Student Housing and Plans for North Torrey Pines Living and Learning Neighborhood, San Diego Campus*, presented to the Regents in July 2016, affordable on-campus housing aids in the recruitment and retention of students. It also expands opportunities to fully integrate new students into the academic and social life of the UC San Diego campus. Year after year, increasing numbers of continuing undergraduate students have applied for on-campus housing only to learn that they cannot be accommodated.

UC San Diego housing projects in the Mesa Neighborhood of East Campus that were recently approved or presented to the Regents would primarily provide housing to graduate and professional students and students with dependents. Within the proposed Nuevo East project, the campus would have the flexibility to offer a portion of the new beds to upper-division single undergraduates temporarily, if needed to meet demand. The primary purpose of the *North Torrey Pines Living and Learning Neighborhood* project is to provide housing to Sixth College freshmen and sophomores in suite-style spaces and to Sixth College sophomores and upper-division undergraduates in apartment-style housing. The project would provide them a collegiate experience of living in a mixed-use environment that is adjacent to academic and social spaces and campus amenities. The rental rates for all proposed housing projects will be lower than the market rate in the area adjacent to the campus. In addition to affordability, living on campus offers intangible value for students in the areas of academic success, convenience, stronger sense of community, and safety and security.

## **PROJECT DRIVERS**

### ***Demand for Affordable Undergraduate Housing***

The shortage of reasonably priced rentals in the surrounding community strongly affects the demand for on-campus housing. Currently, the vacancy rate for on-campus housing is close to zero percent. UC San Diego is located adjacent to the University Town Center (UTC) and La Jolla, two neighborhoods where housing costs are extremely high and, in 2016, the apartment vacancy rate off-campus was approximately two percent<sup>1</sup>.

Minimizing housing costs to students is a top priority for the campus. A comparison of on-campus undergraduate apartment housing rates with private market rentals is shown in Table 1. For residence halls, the monthly cost per student is the same as an on-campus undergraduate apartment.

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<sup>1</sup> Source: KPBS September 2016 article (<http://www.kpbs.org/news/2016/sep/16/san-diego-county-rents-rise-vacancies-fall/>)

**Table 1: On-Campus Undergraduate Apartment Comparison to Private Market Rate**

<b>2-Bedroom, 1 Bathroom Unit</b>		
<b>Per Student Cost Comparison</b> (does not include a meal plan)	<b>On-Campus Undergraduate Apartments<sup>(1)</sup></b>	<b>Off-Campus Apartment<sup>(2)(3)</sup></b>
<b>Rent</b>	<b>\$926</b>	<b>\$936</b>
Electricity	Included	\$21
Gas	Included	Included
Water	Included	Included
Cable/Internet	Included	\$27
Residence Life/Program	Included	\$47
Furniture Rental	Included	\$100
Cleaning Costs (Light, Weekly)	Included	\$50
Security	Included	\$13
<b>Monthly Cost</b>	<b>\$926</b>	<b>\$1,194</b>
<b>Lease Term</b>	<b>9 months</b>	<b>12 months</b>
<b>Annual Cost<sup>(4)</sup></b>	<b>\$8,334</b>	
		<b>\$14,328</b>

*Notes:*

1. On-campus undergraduate apartments are furnished, and include all utilities, cable TV, and internet.
2. HDH estimates these costs based on historical research and data collection with local apartment communities in the UTC area and other known student populated areas. Some off-campus communities offer these amenities, while others may not.
3. Off-campus leases require one-time, upfront fees for rental applications, rental deposits, and utility deposits which would increase the total annual cost for off-campus rates listed above.
4. Annual off-campus costs are based on a 12-month lease because most off-campus properties do not offer a nine-month lease.

***UC President's Student Housing Initiative***

In January 2016, President Napolitano announced a Student Housing Initiative (Initiative) to add a minimum of 14,000 student beds across the system by the 2020 academic year. The projects are to include both undergraduate and graduate student housing. The goals of the Initiative are to provide sufficient housing for UC's current and growing undergraduate and graduate student population, as well as to keep housing for UC students affordable. In response to the President's Initiative and the high demand for on-campus housing, the campus plans to add more than 5,100 beds for undergraduate and graduate students by 2020, as shown in Table 2.

**Table 2: UC San Diego Housing Projects Underway**

	<b>Net New Beds</b>	<b>Approvals Year(s)</b>	<b>Expected Delivery Year</b>
<b>West Campus –Undergraduate</b>			
North Torrey Pines Living & Learning Neighborhood	2,000	Budget – proposed July 2017 Design – anticipated March 2018	2020
<b>Mesa Housing (East Campus) – Primarily Graduate and Professional</b>			
Mesa Nueva	1,355	Budget – May 2015 Design – September 2015	2017
Nuevo West	702	Budget – November 2016 Design – anticipated fall 2017	2019
Nuevo East	1,078	Budget – proposed July 2017 Design – anticipated fall 2017	2020
<b>East Campus Subtotal</b>	<b>3,135</b>		
<b>TOTAL</b>	<b>5,135</b>		

***Goal to Offer Four-Year Housing Guarantee to all Eligible Students***

In support of UC San Diego’s Strategic Plan, the campus has established a goal to offer all eligible undergraduate and graduate/professional students a four-year guarantee of on-campus housing. UC San Diego has existing dedicated apartments for transfer students and all demand is currently met within those units. With the 5,135 beds, using past housing acceptance rates and assuming a fall 2020 enrollment of 36,900 students, the campus anticipates that it will be able to meet this goal in 2020.

Currently, entering freshmen are guaranteed on-campus housing for a period of two academic years (actual lease terms for undergraduate students are on a nine-month basis because they are required to move out during the summer months). Typically at the time the wait list is closed in early August, there are approximately 1,000 single undergraduate students on the list. It should also be noted that, due to demand, the campus is unable to offer housing to upper-division undergraduate students (with the exception of transfer students).

***Long Range Development Plan***

The housing goal of UC San Diego, as stated in its 2004 Long Range Development Plan (LRDP), is to provide housing for 50 percent of eligible students (which includes graduate and professional students) in campus-owned facilities. As of fall 2016, only about 38 percent of students were housed on campus, leaving a shortage of more than 4,100 beds to achieve the LRDP goal. Table 3 shows current and projected enrollment through 2020 compared to the LRDP housing goal. By 2020, the campus anticipates that with the addition of an estimated 2,600 students and approximately 5,000 beds, the campus would be able to house approximately

49 percent of eligible students.

**Table 3: Enrollment and LRDP Goal**

<b>Projected Enrollment (headcount)</b>	<b>Fall 2016</b>	<b>Fall 2017</b>	<b>Fall 2018</b>	<b>Fall 2019</b>	<b>Fall 2020</b>
	34,300	35,400	36,000	36,600	36,900
Number of Beds (as new projects are delivered – see Table 2 above)	12,997	14,252	13,916	14,718	18,132
Bed Deficit to Meet 50% LRDP Goal	(4,153)	(3,448)	(4,084)	(3,582)	(318)
Percentage of Students Housed	38%	40%	39%	40%	49%
<i>Notes:</i>					
1. <i>The enrollment numbers are projections and are subject to change. Enrollment numbers listed above do not include students in self-supporting programs.</i>					
2. <i>The number of beds in fall 2018 is lower due to demolition of existing structures in advance of new construction at Nuevo East.</i>					
3. <i>Actual project delivery dates do not necessarily correspond to fall quarter as implied by table above.</i>					

***Replacement Facilities for Sixth College***

The San Diego campus’ college system was inaugurated with the opening of Revelle College in 1964. In the following years, five more colleges – Muir, Marshall, Warren, Roosevelt, and Sixth – were established, each with its own facilities, distinctive educational philosophy, general education and graduation requirements, and instructional programs. At UC San Diego, the choice of a college is not based on a student’s major, but on preferences in terms of the various educational philosophies and environments offered by the colleges. Any undergraduate may select from the full range of majors available.

The San Diego campus is committed to maintaining and strengthening the college system and is continuing its plan to accommodate undergraduate student enrollment growth while keeping each college at a reasonable size to foster community. Current enrollment at each of the six colleges is under 5,000 students. With enrollment increases, academic planning is under way to add a seventh college in order to maintain the small college environment. Each college’s space includes undergraduate residence halls and apartments, residential life space, as well as offices for the Provost and deans, academic advising, and other academic support services.

Sixth College opened in 2002 and is currently located in older facilities that have been used as the “incubation” site for new colleges as they are established. The college administrative and core academic space (i.e., Provost, academic advising, core writing program) is located in approximately 12,000 ASF in Pepper Canyon Hall, a building near the residential facilities but containing other academic and administrative uses not related to Sixth College. New facilities are needed to provide a permanent home for Sixth College so that the current housing and administrative space assigned to Sixth College can be reassigned to a future seventh college.

***Need for Additional Classroom Space***

Currently, large lecture halls on campus (over 200 seats) are over-utilized; for example, lecture halls with 201 to 300 seats have a utilization rate of 140 percent of standard<sup>2</sup> and for rooms with more than 300 seats, the utilization rate is 137 percent.

The campus has experienced recent growth of 3,317 undergraduate students from fall 2014 to fall 2016 and the number of undergraduate students expected to grow by 14 percent from fall 2016 (28,127 total headcount) to fall 2022 (32,000 total headcount). With this past and projected growth, the utilization rate is estimated to increase to 160 percent of standard for halls with 201 to 300 seats, and 157 percent for halls with 301 or more seats.

A large lecture hall of 600 seats is needed for undergraduate courses to accommodate high enrollment. Currently, the largest classroom on campus has 417 seats. Large lecture hall space is also needed for student orientation sessions and events that attract large crowds. In addition, flexible active learning spaces (rooms of 75 seats) are required to accommodate a variety of teaching and learning modes.

***Need for Additional Parking***

Between 2001 and 2016, the total number of daily commuters entering campus (students, faculty, staff, and visitors) grew from just under 40,000 to almost 55,000 people. While UC San Diego has made tremendous progress toward reducing the number of single-occupancy vehicles entering campus (a 23 percent reduction since 2001), and despite anticipation of reduced demand (ten percent) upon completion of the UC San Diego Light Rail Blue Line, relevant data indicate that approximately 43 percent of UC San Diego students, faculty, and staff continue to drive to campus in single-occupancy vehicles. As a result, there remains a critical need for additional parking options on the West Campus. During peak hours on the West Campus, the parking occupancy ranges between 90 and 94 percent. Increased parking demand is expected in this area with the increased student, faculty and staff population.

Over the past decade, the ongoing physical development of the campus has had significant impact on the demand for and availability of parking, especially in the central areas. Most of the new facilities were constructed on surface parking lots that were not replaced, significantly reducing the parking inventory over time.

The proposed project site consists of two separate, but adjacent, surface parking lots providing a total of 972 parking spaces. Construction of the project would eliminate all of these spaces; therefore, replacement parking must be included in the project to help address the parking need in this area of campus as well as in other nearby areas. The project would include a total of 1,250 spaces (below-grade) which would result in a net increase of 278 spaces.

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<sup>2</sup> A classroom with 100-percent utilization implies that each seat is occupied for 35 hours a week. Source of data: Office of Institutional Research, UC San Diego



## **PROJECT DESCRIPTION**

The North Torrey Pines Living and Learning Neighborhood would provide approximately 644,000 ASF (915,500 gross square feet) comprised of approximately 2,000 new beds and resident facilities for undergraduate students; dining, market and community spaces; new home for Sixth College, including administrative and academic space; lecture halls and active learning spaces with flexible configurations; residential life space to support on-campus residents in Sixth College; and retail space. The project would have approximately 235 beds per acre and approximately 48 dwelling units per acre. The project would also provide 1,250 below-grade parking spaces (278 net new) that would serve the needs of faculty, staff, and students, with some parking for visitors. The campus is utilizing the design-build delivery process and thus, the final numbers for the proposed uses might vary (refer to Table 4, Proposed Area Summary).

The Living and Learning Neighborhood would also be the new home of Sixth College, providing a vibrant and enriching academic and social environment. In addition to residence halls and apartments for Sixth College, the project would include the core academic program of Sixth College, “Culture, Art, and Technology” (CAT). All students must complete the core academic program, a three-quarter sequence in CAT. The sequence, with its embedded writing program, develops students’ abilities to achieve an understanding of themselves and their society by approaching issues and problems from interdisciplinary perspectives.

Thoughtfully designed open space would be an integral part of the neighborhood. There would be places to socialize and relax as well as pedestrian and bicycle-friendly pathways and elements. Landscape design would be consistent with campus sustainability goals, emphasizing drought tolerance. As part of the open space improvements, Scholars Drive would be realigned and this project would provide a more comfortable and safer pedestrian and bike environment along Ridge Walk on the eastern edge of the neighborhood. Enhancing the movement of people and bikes through the campus core is an ongoing goal for UC San Diego, which the Living and Learning Neighborhood project would help achieve.

**Table 4: Proposed Area Summary**

<b>HOUSING/DINING/COMMUNITY</b>	<b>Units<sup>(1)</sup></b>	<b># of Beds<sup>(1)</sup></b>	<b>ASF<sup>(1)</sup></b>
<b>Residential</b>			
Apartments (4 students per apartment)	225	900	223,200
Residence Halls (8 students per suite/unit)	138	1,100	227,700
<b>Total Undergraduate Student Beds</b>		<b>2,000</b>	
Resident Advisor Units	40	40	17,100
Live-in Professional Staff	4	8	4,100
Study Areas, Student Lounges, Laundry, Media Multipurpose Rooms, Shared Kitchenettes			45,500
<b>Common Space, Residential Support, Dining/Market</b>			
Residential Life/Housing/Dining Operations and Community Space (offices, community rooms, music rooms, other activity rooms)			43,500
Dining (400 seats), Market, and Retail			30,500
<b>Subtotal Housing/Dining/Community ASF</b>			<b>591,600</b>
<b>ACADEMIC PROGRAM</b>			
<b>General Assignment Classrooms &amp; Lecture Hall<sup>(2)</sup></b>	<b># of Rooms</b>	<b>ASF each</b>	<b>ASF</b>
Large Classroom - 600 seats (fixed)	1	11,900	11,900
Medium Lecture Hall - 350 seats (fixed)	1	7,500	7,500
Small Lecture Hall - 250 seats (fixed)	2	4,750	9,500
Active Learning Space - 75 seats (flexible arrangement)	1	2,500	2,500
<b>Sixth College Administrative and Academic Space</b>			
Core Instructional Program – Culture, Art, & Technology (academic office, office support, multipurpose conference, scholarly activity, smart classroom, collaborative/flexible makerspace)			5,000
Provost/Academic Advising/Academic Support (office, office support, multipurpose conference, scholarly activity)			10,000
<b>Facilities Management Ancillary Space for Building Operations</b>			6,000
<b>Subtotal Academic ASF</b>			<b>52,400</b>
<b>TOTAL PROJECT ASF</b>			<b>644,000</b>
<i>Notes:</i>			
(1) Since project is in early design development phase, the number of units and beds as well as square footage figures may change pending final design			
(2) Includes ancillary, pre-class waiting area, storage, A/V, and projection booth			

***Housing, Dining, and Community Space (591,600 ASF)***

The proposed project's approximately 2,000 new undergraduate beds would include a mix of residence halls (suites) and apartments. Residence halls would mostly house freshman and would be in a suite-style arrangement. A typical suite would have eight beds, a common area, and restrooms within the suite. A typical apartment would house Sixth College sophomores and upper-division undergraduates. The apartments would consist of four beds, a living area, kitchen, and restrooms. There would be shared study and common areas in both the apartments and the residence halls, and residence halls would have a shared kitchen on every other floor.

To support and encourage the undergraduate living and learning environment, the project would also include resident support space, dining, and small informal work spaces for study groups and informal meetings. The dining facility would include one large commercial kitchen that would support various self-serve dining options as well as market retail food options that would be available for purchase at several point-of-sale stations. The dining area would have an open floor plan with indoor and outdoor seating of approximately 400 seats and would be designed with flexibility to allow dining options to evolve with community needs.

UC San Diego also strives to enhance the on-campus retail experience and convenience for students, faculty, and staff by increasing services on campus and minimizing the need to travel off campus to obtain certain amenities. Retail space would be included in the project but has not yet been programmed. The UC San Diego Campus Retail Council is determining the retail needs for this area of campus.

One of the project goals is to create a ground-level hub where students, faculty, and staff would cross paths and interact. Residential and quieter contemplative spaces would be above the ground floor. Locating academic, housing, and student activity spaces together would allow buildings to share infrastructure, thereby lowering construction costs while creating a more active, social environment for students, faculty, and staff. The project's mixed-use buildings would have community-serving spaces to promote serendipitous interactions between students and faculty as well as between freshmen, sophomores, and upper-division students.

***Academic Space (52,400 ASF)***

The proposed project would provide an innovative community that would address the campus-wide need for additional large lecture halls and include one large general assignment classroom (approximately 600 seats) and three lecture halls (two with approximately 250 seats each and one with approximately 350 seats). The project would also have one flexible active learning room (approximately 75 seats). This room would accommodate flexible uses by providing flat floors for rearranging furniture as required.

Moving the Sixth College Provost, Academic Advising, and the Core Instructional Program (Culture, Art, and Technology) to this new facility would free up approximately 12,000 ASF in Pepper Canyon Hall for reassignment to a seventh college and other campus needs associated with enrollment growth.

***Parking***

The campus plans to provide replacement parking in a multi-level configuration of approximately 1,250 spaces, increasing capacity by 278 net spaces. The parking would be below-grade to maximize land use and accommodate the building program on site while maintaining an appropriate scale of development. Light wells would provide natural light and fresh air, allowing areas to be converted to occupied space in the future, as needs change.

***Project Site***

The proposed project would be built on an eight-and-a-half-acre portion of a ten-acre site that is currently comprised of two separate, but adjacent, surface parking lots that provide a total of 972 parking spaces (refer to Attachments 6 and 7, Project Location and Site Maps). Construction of the project would eliminate these spaces, but redevelopment of the site would include replacement parking.

In addition to the surface parking lots, the proposed project site also contains a 6,700-ASF temporary structure known as the “Bubble Building,” a pressurized, metal-free structure specifically designed for the NMR spectroscopy research. The NMR and associated research groups will be permanently relocated to the new Biological and Physical Sciences Building when the facility is complete in 2018.

***Sustainability***

The project will comply with the *University of California Sustainable Practices Policy*. As required, the project will exceed the required provisions of the California Energy Code’s Title 24 energy efficiency standards by more than 20 percent with a goal to exceed Title 24 by 30 percent. The project will be designed to LEED™ “Platinum” rating and participate in the San Diego Gas and Electric *Savings by Design* program. Above the parking, there would be residential and academic space with photovoltaic arrays on the roof as well as green roofs.

***Project Schedule***

The campus is requesting approval of budget and external financing for the Living and Learning Neighborhood project. It is anticipated that the campus would return to the Regents in March 2018 for design approval following action pursuant to the California Environmental Quality Act. The campus plans to begin construction in July 2018 and complete construction in fall 2020.

***Financial Feasibility***

The total project budget of \$509,450,000 would be funded with external financing (\$494,950,000), gift funds (\$8 million), and housing reserves (\$6.5 million). The gift funds, still to be raised, would be backstopped by the campus; no standby or interim financing is being requested.

Academic Program

The project budget related to the academic program is \$54,636,000, of which \$46,636,000 would be funded with external financing and \$8 million with gift funds. The debt service related to the academic program would be funded from campus funds. At the tax-exempt planning rate of six percent and assuming a 30-year term, the estimated debt service payment is \$3,388,000.

Housing and Parking

The project budget related to the housing and parking program is \$454,814,000, of which \$391,376,000 is related to housing and \$63,438,000 is related to parking. The project budget related to housing would be funded with \$384,876,000 in external financing and \$6.5 million in housing reserves. The project budget related to parking would be funded entirely with external financing. The debt service related to the housing and parking program would be funded from housing and parking revenues. At the tax-exempt planning rate of six percent and assuming a 35-year term with one year of interest only, the estimated debt service payment, including principal and interest, is \$26,787,000 for the housing component and \$4,415,000 for the parking component. Both housing and parking fall short of the minimum 1.10x auxiliary project debt service coverage ratio required by the University's Debt Policy. While actual rates will depend on the capital markets at the time of financing, a market rate of 4.0 percent would allow the projects to meet the required 1.10x ratio. For every 100 basis point increase in the financing rate, the project debt service coverage decreases by approximately 0.10x. Any shortfall in the project's ability to service its debt would be supplemented from existing housing and parking revenues. An exception to the University's Debt Policy has been granted by the Office of the Chief Financial Officer as the campus has demonstrated its plans to service the debt from overall housing and parking program revenues, if necessary, and to meet the required minimum project debt service coverage ratio over time.

The student housing project, a component of UC San Diego's Housing, Dining and Hospitality program, is one of four projects being constructed to address various student housing goals and initiatives. All four student housing projects would be finished and available for use by fiscal year 2020. At the tax-exempt planning rate of six percent, the Housing System does not meet the minimum 1.25x requirement for the auxiliary system debt service coverage required by the University's Debt Policy from fiscal year 2022 through fiscal year 2025. That metric, along with the project metric, recovers to allowable levels by fiscal year 2026 as a result of both revenue increases and the retirement of debt. An exception to the University's Debt Policy has been granted by the Office of the Chief Financial Officer as the campus has demonstrated that the Housing System is projected to meet the required debt service coverage ratio by fiscal year 2026.

The parking project, a component of San Diego's Transportation Services program, is one of four projects being constructed to address campus growth and the displacement of surface lots. As mentioned above, at the tax-exempt planning rate of six percent, the parking project falls short of the project debt service coverage; however, the Transportation Services overall program does meet the minimum 1.25x requirement for the auxiliary system debt service coverage required by the University's Debt Policy.

**Key to Acronyms**

ASF	Assignable-Square-Feet
BOMA	Building Owners and Managers Association
CAT	Culture, Art, and Technology
DBFOM	Design-Build-Finance-Operate-Maintain
GSF	Gross-Square-Feet
HDH	UC San Diego Housing, Dining & Hospitality
LLN	Living and Learning Neighborhood
LRDP	Long Range Development Plan
NMR	Nuclear Magnetic Resonance
P3	Public Private Partnership
RFP	Request for Proposal
RSF	Rentable Square Feet (per BOMA)
UTC	University Town Center

**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 Delivery Model
- Attachment 6: Project Location Map
- Attachment 7: Project Site Map

**PROJECT SOURCES AND USES**  
**NORTH TORREY PINES LIVING AND LEARNING NEIGHBORHOOD**  
**(CCCI 7123)**

<b>PROJECT SOURCES</b>		
<b>Sources</b>	<b>Total</b>	<b>%</b>
External Financing	\$494,950,000	97.1
Gift Funds	\$8,000,000	1.6
Housing Reserves	\$6,500,000	1.3
<b>Total Sources</b>	<b>\$509,450,000</b>	<b>100.0</b>

<b>PROJECT USES</b>					
<b>Cost Category</b>	<b>Academic Program</b>	<b>Housing/ Dining/ Community</b>	<b>Parking Structure</b>	<b>Total</b>	<b>%</b>
Site Clearance	1,400,000	3,000,000	1,000,000	5,400,000	1.1
Building Construction	31,433,000	274,981,000	44,968,000	351,382,000	70.5
Exterior Utilities	3,212,000	7,083,000	1,070,000	11,365,000	2.3
Site Development	9,325,000	22,964,000	2,300,000	34,589,000	6.9
A/E Fees <sup>(1)</sup>	1,993,000	17,760,000	3,000,000	22,753,000	4.6
Campus Administration <sup>(2)</sup>	724,000	4,750,000	950,000	6,424,000	1.3
Surveys, Tests, Plans	249,000	1,859,000	350,000	2,458,000	0.6
Interest During Construction	3,750,000	33,105,000	6,250,000	43,105,000	8.6
Special Items <sup>(3)</sup>	338,000	2,695,000	350,000	3,383,000	0.6
Contingency	2,049,000	12,948,000	2,200,000	17,197,000	3.5
<i>Total P-W-C</i>	54,473,000	381,145,000	62,438,000	498,056,000	100%
Group 2 & 3 Equipment <sup>(4)</sup>	163,000	10,231,000	1,000,000	11,394,000	
<b>Total Project Uses</b>	<b>54,636,000</b>	<b>391,376,000</b>	<b>63,438,000</b>	<b>509,450,000</b>	

<b>PROJECT STATISTICS</b>	<b>Academic Program</b>	<b>Housing/ Dining/ Community</b>	<b>Parking Structure</b>
ASF <sup>(5)</sup>	52,400	591,600	N/A
GSF <sup>(5)</sup>	80,000	816,000	545,000
Efficiency Ratio: ASF / GSF <sup>(5)</sup>	66%	73%	N/A
Construction Cost <sup>(6)</sup> / GSF <sup>(5)</sup>	\$567	\$377	\$91
Project Cost / GSF <sup>(5)(7)</sup>	\$681	\$467	\$115
Construction Cost/ Space <sup>(6)</sup>			\$39,470
Project Cost/Space <sup>(7)</sup>			\$49,950

- (1) A/E Fees include executive architect as part of the design-build team, and other professional design contract costs.
- (2) Campus Administration includes project and contract management staff and campus inspection services.
- (3) Special items totaling include: preparation of the detailed project program; environmental documentation; special design consultants; value engineering; and other costs.
- (4) Groups 2 and 3 Equipment consists of equipment which is not built-in or permanently affixed to the structure of the building.
- (5) 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 useable area.
- (6) Construction Cost includes site clearance, building construction, exterior utilities, and site development.
- (7) Project Cost excludes Group 2&3 Equipment.

<b>Housing Only Statistics</b>			
<ul style="list-style-type: none"> <li>• Project includes mix of apartments (typical 4-bed units) and suite-style residential (typical 8-bed units). Table depicts typical units for reporting.</li> <li>• Cost for housing has been extracted from the total cost for Housing/Dining/Community (see previous page) for purposes of these statistics and comparables (Attachment 2).</li> <li>• Construction cost for housing (includes site clearance, building construction, exterior utilities, and site development) totals \$216.3 million.</li> <li>• Project cost for housing (excludes Group 2&amp;3 equipment) totals \$279 million.</li> </ul>			
		<b>Beds</b>	<b>Units</b>
Suite-Style		1,100	138
Apartments		900	225
Resident Advisor		40	40
Professional Staff		8	4
<b>Total</b>		<b>2,048</b>	<b>407</b>
		<b>Beds</b>	<b>Units</b>
Construction Cost/Per <sup>(1)</sup>		\$105,615	\$531,450
Project Cost/Per		\$136,230	\$685,504
Beds/Units Per acre		235	48
	<b>ASF</b>	<b>GSF</b>	<b>RSF<sup>(1)</sup></b>
Overall Housing Area	517,600	700,000	664,500
Efficiency Ratio: ASF/GSF	74%		
Efficiency Ratio: RSF/GSF	95%		
<i>Note:</i>			
(1) Building Owners and Management Association (BOMA) prescribed standards for calculating rentable square feet (RSF) for the housing portion of the program result in 664,500 RSF..			

### **Cost Drivers**

UC projects inherently carry some additional costs in order to satisfy life safety, sustainability, and other policy requirements that support the University’s mission. While meeting these requirements, costs for the different program types included in the North Torrey Pines Living and Learning Neighborhood all fall within the range of costs for similar UC and privately developed projects. There are some decisions related to the project design that influence the project costs. Since one objective is to maximize the amount of the building program that can be delivered on the eight-and-a-half-acre site, the buildings have been designed to heights that will maximize density. The heights desired require the use of Type 1 (steel and concrete) construction which results in the use of more expensive materials and additional costs related to building systems than would be required with a different construction type. Similarly, the intensified use of the site requires upgrades to the infrastructure servicing the site. In order to take advantage of as much buildable area as possible while maintaining a balance of usable open space, the project has elected to use underground parking. This approach has benefits to the project but may increase costs when compared to surface or structured parking that would be applicable in other situations.



## COMPARABLE PROJECT INFORMATION

The cost figures shown in the following table demonstrate that the proposed budget for the North Torrey Pines Living and Learning Neighborhood at UC San Diego compares favorably to UC and private sector projects. The proposed budget was confirmed through the competitive design-build process, which is further described in Attachment 5.

## Student Housing

Location – Project Name <sup>(1)</sup>	Date <sup>(2)</sup>	No. of Beds	Construction Cost/GSF	Project Cost <sup>(3)</sup> /GSF	Construction Cost/Bed	Project Cost <sup>(3)</sup> /Bed	Project Cost <sup>(3)</sup> /Unit
<b><i>UCSD – N. Torrey Pines Living &amp; Learning (Housing)</i></b>	<b><i>5/17</i></b>	<b><i>2,048</i></b>	<b><i>\$309</i></b>	<b><i>\$399</i></b>	<b><i>\$105,615</i></b>	<b><i>\$136,230</i></b>	<b><i>\$685,504</i></b>
UCSF – Minnesota Street (housing)	3/17	710	\$522	\$664	\$243,205	\$309,799	\$369,637
UCSD – Nuevo West Graduate Housing	9/16	804	\$280	\$370	\$146,827	\$184,968	
UCI – Mesa Court Expansion	10/13	501	\$383	\$503	\$110,963	\$145,689	
UCLA – Weyburn Terrace	9/13	500	\$386	\$462	\$212,505	\$254,026	254,026
UCSD – North Campus Housing Phase 2	5/08	807	\$386	\$439	\$122,696	\$139,599	761,191
Private Developer A, San Diego <sup>(4)</sup>	3/16	135	\$304	unavailable	\$225,713	unavailable	unavailable
Private Developer B, San Diego <sup>(4)</sup>	3/16	123	\$278	unavailable	\$255,533	unavailable	unavailable
Private Developer C, San Diego <sup>(4)</sup>	3/16	267	\$321	unavailable	\$185,978	unavailable	unavailable
Private Developer D, San Diego <sup>(4)</sup>	3/13	unavailable	\$311	unavailable	unavailable	unavailable	unavailable
Stanford – Munger Graduate Residences <sup>(4)</sup>	9/08	unavailable	\$410	\$495	unavailable	unavailable	unavailable

## Underground Parking

Location – Project Name <sup>(1)</sup>	Date <sup>(4)</sup>	No. of Spaces	Construction Cost/GSF	Project Cost <sup>(2)</sup> /GSF	Construction Cost/Space	Project Cost <sup>(2)</sup> /Space
<b><i>UCSD – N. Torrey Pines Living &amp; Learning (Parking)</i></b>	<b><i>5/17</i></b>	<b><i>1,250</i></b>	<b><i>\$91</i></b>	<b><i>\$115</i></b>	<b><i>\$39,470</i></b>	<b><i>\$49,950</i></b>
UCSF – Minnesota Street (parking)	3/17	127	\$207	\$235	\$74,928	\$85,031
UCB – Underhill Parking	7/05	1,000	\$151	\$199	\$37,382	\$49,402
Parking Structure 7, Stanford <sup>(4)</sup>	11/09	n/a	\$102	unavailable	unavailable	unavailable
Private Developer – Smart Corner <sup>(4)</sup>	9/04	626	\$109	unavailable	\$44,305	unavailable
Private Developer – Block F Parking <sup>(4)</sup>	8/16	191	\$145	unavailable	\$65,037	unavailable
Private Developer – Lane Field <sup>(4)</sup>	5/16	686	\$114	unavailable	\$37,386	unavailable

(1) Projects have been adjusted to reflect the proposed project's CCCI (California Construction Cost Index) of 7123 corresponding to mid-construction of September 2019.

(2) For UC projects, the date represents the date of the Capital Improvement Budget. For non-UC projects, the date is the mid-point of construction.

(3) Project Cost excludes Group 2 & 3 Equipment.

(4) Non-prevailing wage project and excludes UC System and Public Institution Requirements.

## Academic/Classroom

Location – Project Name <sup>(1)</sup>	Date <sup>(2)</sup>	Construction Cost/GSF	Project Cost <sup>(3)</sup> /GSF
<b><i>UCSD – N. Torrey Pines Living &amp; Learning (Academic/Classroom)</i></b>	<b><i>5/17</i></b>	<b><i>\$567</i></b>	<b><i>\$681</i></b>
UC Merced – Classroom and Academic Office	3/13	\$558	\$758
UCI – Classroom Office Building	4/16	\$751	\$974
UCSD – Structural and Materials Engineering	3/10	\$565	\$690
Stanford – Jen-Hsun Huang Center <sup>(4)</sup>	5/09	\$767	unavailable
University of Washington – PACCAR Hall <sup>(4)</sup>	8/09	\$759	unavailable
Cal IT – Cahill Center <sup>(4)</sup>	1/08	\$586	unavailable
Los Angeles Community College District Mission College – Classrooms <sup>(4)</sup>	7/08	\$998	unavailable
Los Angeles Community College District Mission College – Math & Science Building <sup>(4)</sup>	8/14	\$622	unavailable
Los Angeles Community College District West College – Watson Center <sup>(4)</sup>	9/09	\$785	unavailable
Stanford John & Cynthia Gunn Building – Stanford <sup>(4)</sup>	3/10	\$759	unavailable

## Student Community Services, Dining, and Retail

Location – Project Name <sup>(1)</sup>	Date	Construction Cost/GSF	Project Cost <sup>(2)</sup> /GSF
<b><i>UCSD – N Torrey Pines Living &amp; Learning (Student Community Services/Dining/Retail)</i></b>	<b><i>5/17</i></b>	<b><i>\$618</i></b>	<b><i>\$708</i></b>
UCSF – Mission Bay Community Center	8/03	\$586	\$768
UCD – Student Community Center	7/08	\$634	\$984
UCI – Mesa Court Commons	10/13	\$621	\$855
University of Southern California – Tudor Campus Center <sup>(4)</sup>	5/10	\$825	unavailable
Los Angeles Community College District Mission College – Student Services	3/10	\$680	unavailable
Marine Corps Base Camp Pendleton – Dining Facilities	6/10	\$929	unavailable
San Diego City College District – Mesa Café & Bookstore	9/11	\$591	unavailable

- (1) Projects have been adjusted to reflect the proposed project's CCCI (California Construction Cost Index) of 7123 corresponding to mid-construction of September 2019.
- (2) For UC projects, the date represents the date of the Capital Improvement Budget. For non-UC projects, the date is the mid-point of construction
- (3) Project Cost excludes Group 2 & 3 Equipment.
- (4) Non-prevailing wage project and excludes UC System and Public Institution Requirements.

## SUMMARY OF FINANCIAL FEASIBILITY

<b>San Diego Campus</b>	
Project Name	<b>North Torrey Pines Living and Learning Neighborhood</b>
Project ID	<b>962660</b>
Total Estimated Project Costs	<b>\$509,450,000</b>
Anticipated Interest During Construction (included in estimated project cost)	<b>\$43,105,000</b>

<b>Proposed Sources of Funding</b>	
External Financing – Tax-Exempt (Academic)	\$46,636,000
External Financing – Tax-Exempt (Housing and Parking)	\$448,314,000
Gift Funds	\$8,000,000
Auxiliary Reserves – Housing	\$6,500,000
<b>Sources of Funding Total</b>	<b>\$509,450,000</b>

*Fund sources for external financing shall adhere to University policy on repayment for capital projects.*

<b>Financing Assumptions – Academic</b>	
External Financing Amount	\$46,636,000
Anticipated Repayment Source	General Revenues of the San Diego Campus
Anticipated Fund Source	Campus Funds
Financial Feasibility Rate	6.0%
First Year of Principal (e.g. year 10)	FY 2021-22
Term (e.g. 30 years)	30 years
Final Maturity	FY 2050-51
Estimated Average Annual Debt Service	\$3,388,000

<b>Financing Assumptions – Housing &amp; Parking</b>	
External Financing Amount	\$448,314,000
Anticipated Repayment Source	General Revenues of the San Diego Campus
Anticipated Fund Source	Housing and Parking Revenues
Financial Feasibility Rate	6.0%
First Year of Principal (e.g. year 10)	FY 2022-23
Term (e.g. 30 years)	35 years (one year interest only)
Final Maturity	FY 2055-56
Estimated Average Annual Debt Service	\$31,202,000 (principal and 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.

	CAMPUS FINANCING BENCHMARKS		
Measure	10 Year Projections	Approval Threshold	Requirement
Modified Cash Flow Margin <sup>1</sup>	0.7% min (FY 2025)	≥ 0.0%	Must Meet
Debt Service to Operations <sup>1</sup>	6.0% max (FY 2022) <sup>2</sup>	≤ 6.0%	Must Meet 1 of 2
Expendable Resources to Debt <sup>1</sup>	n/a	≥ 1.00x	
Auxiliary Project Debt Service Coverage <sup>3</sup>	Housing 0.83x min (FY 2023) <sup>4</sup>	≥ 1.10x	Must Meet for Auxiliary Projects
	Parking 0.97x min (FY 2023) <sup>4</sup>		
Auxiliary System Debt Service Coverage <sup>5</sup>	Housing 1.09x min (FY 2023) <sup>6</sup>	≥ 1.25x	Must Meet for Auxiliary Projects
	Transportation 1.67x min (FY 2023) <sup>7</sup>		

<sup>1</sup> Modified Cash Flow Margin, Debt Service to Operations, and Expendable Resources to Debt are campus metrics.

<sup>2</sup> The campus' debt service to operations ratio is at the maximum 6% approval threshold in FY 2022 and, as a result, its debt capacity is temporarily constrained. The campus' debt model is inclusive of other anticipated external financing for projects planned in the next few years. Approval for additional future external financing will be contingent upon the campus maintaining debt metrics within the approval thresholds.

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

<sup>4</sup> This project does not meet the minimum 1.10x requirement and an exception to the University's Debt Policy has been granted by the Office of the Chief Financial Officer as the campus has demonstrated its plans to service the debt from overall housing and parking program revenues if necessary and to meet the required minimum project debt service coverage ratio over time.

<sup>5</sup> Auxiliary System Debt Service Coverage is a campus' auxiliary system metric.

<sup>6</sup> The Housing System does not meet the minimum 1.25x requirement and an exception to the Debt Policy has been granted by the Office of the Chief Financial Officer as the campus has demonstrated that the housing system is projected to meet the required debt service coverage ratio by FY 2026.

<sup>7</sup> Transportation Services program includes parking.

## ALTERNATIVES CONSIDERED

Information regarding alternatives considered for delivery of new undergraduate student housing and academic space is provided below.

### **Option 1 - Redevelopment with University-Delivered, New Construction on Campus – Preferred**

The preferred solution would redevelop an 8.5-acre parcel on campus to create the North Torrey Pines Living and Learning Neighborhood. As described in the item, the project would provide approximately 2,000 new beds for undergraduate students; new academic space for departments and programs in Social Sciences and Humanities; classroom space; and structured parking.

Option 1 is the only solution of the alternatives considered that would provide new housing, new academic space and new parking in the shortest amount of time – which is what is urgently needed to meet current demand as well as projected demand associated with increased enrollment. When compared to current market rates in the surrounding area, the proposed project is the best solution for making affordable housing available to undergraduate students. The campus would proceed with a design-build, fixed-price delivery model with the plan being to complete the new housing component first (fall 2020). This scenario provides the greatest likelihood for meeting campus and UC systemwide goals.

### **Option 2A – Purchase Residential Property Off-Campus – Considered and Rejected**

As previously mentioned, UC San Diego is located in La Jolla/University Town Center (UTC) where housing and rental costs are extremely high. This reduces the availability and financial feasibility for leasing or buying off-campus developments. The rental market is so robust in La Jolla/UTC that, although UC San Diego has continually looked for opportunities to lease or purchase, there has not been an opportunity to secure a large number of units within any single private sector community. In fact, during the past ten years, only five apartment complexes in the UTC area have transferred ownership. Because the UTC area is one of the premium apartment investment markets in San Diego County, competition for those few properties that are offered for sale is fierce and cap rates are competitively bid downward to historically low rates. Owners of surrounding apartment communities have little to no interest in negotiating on price or committing to a long-term master lease.

The other portion of the private market housing in the adjacent community is designated as condominiums with individual owners and Home Owner Associations, which typically house a high percentage of non-UC San Diego residents. Pursuing these opportunities would not generate enough new beds for UC San Diego students and would place the

University in the position of purchasing and operating a property made up of non-affiliates as the home owners and customers.

The campus recently investigated several different properties for potential purchase; however, further evaluation revealed that these properties were older wood-frame product that would require significant seismic and building code upgrades in order to bring the property within University of California standards. Purchase of off-campus residential property would have also triggered environmental issues such as increased traffic and impacts to the surrounding community. The purchase also would have displaced approximately 250 residents to make room for students. The high sales prices combined with necessary seismic retrofitting and building modernization costs exceeded the cost of new construction and was therefore rejected.

### **Option 2B – Purchase or Lease Academic Space Off-Campus – Considered and Rejected**

Leasing academic space off campus is not a viable option for undergraduate students and faculty. Recent evaluations of private market properties indicate that, due to the type of space and adjacency requirements needed for university-caliber academic space, appropriate inventory is unavailable. Furthermore, academic buildings in dispersed off-campus locations would result in operational, space, and service inefficiencies.

Leasing academic space off campus would remove faculty from the vitality of the campus. It would also have negative effects on collaboration with students, departmental cohesion and interdepartmental cooperation, and the recruitment of top faculty to the University, key goals of the Strategic Plan. Finally, leasing or purchasing off-campus space would trigger environmental impacts such as increased traffic, seismic and/or code upgrades (depending on the age of the property), and displacement of existing tenants from the space. More information on the specific property would be required in order to determine the type of environmental document that would need to be prepared.

### **Option 3 – Redevelopment with Public Private Partnership (P3) – Considered and Rejected**

Based on best practices for processes and timelines to implement a P3 transaction, UC San Diego believes a P3 would significantly delay the proposed project when compared to the preferred delivery approach. Based on a comparative analysis of a University-Delivered Construction Schedule versus a P3 approach, the campus has determined that the P3 delivery method would delay completion of the project.

UC San Diego has estimated the total time from drafting an RFP to the developer completing 100 percent construction drawings to be 22.5 months. The estimated period to procure, select, and negotiate with a design-build team and achieve 100 percent construction drawings is 19 months, yielding a time savings of approximately 3.5 months.

Not only does the campus expect the P3 approach would delay delivery of much-needed undergraduate housing, academic space, and parking, but the additional risk and anticipated escalation costs associated with a longer schedule would have a negative impact on the student housing rates and the overall financial feasibility of the project.

#### **Option 4 – “Do Nothing” – Considered and Rejected**

As previously described in this document, the current housing inventory is not sufficient to meet the demand from the campus community (student, staff, and faculty) in the near and long term. Without increasing the housing inventory, UC San Diego:

- Will not be able to achieve goals set forth in the Strategic Plan, which may threaten campus ability to recruit and retain top talent;
- Will not be able to conform to the Housing Initiative;
- Will not be able to address current and projected demand for undergraduate student housing;
- Will not progress towards meeting the 50 percent housing goal as stated in the LRDP;
- Will not be able to provide sufficient housing to support campus goals regarding guarantees for eligible students;
- Will not be able to provide enough affordable housing to meet student demand, forcing these students to live further away from campus and resulting in longer commutes/more traffic on local roadways.

**PROJECT DELIVERY MODEL**

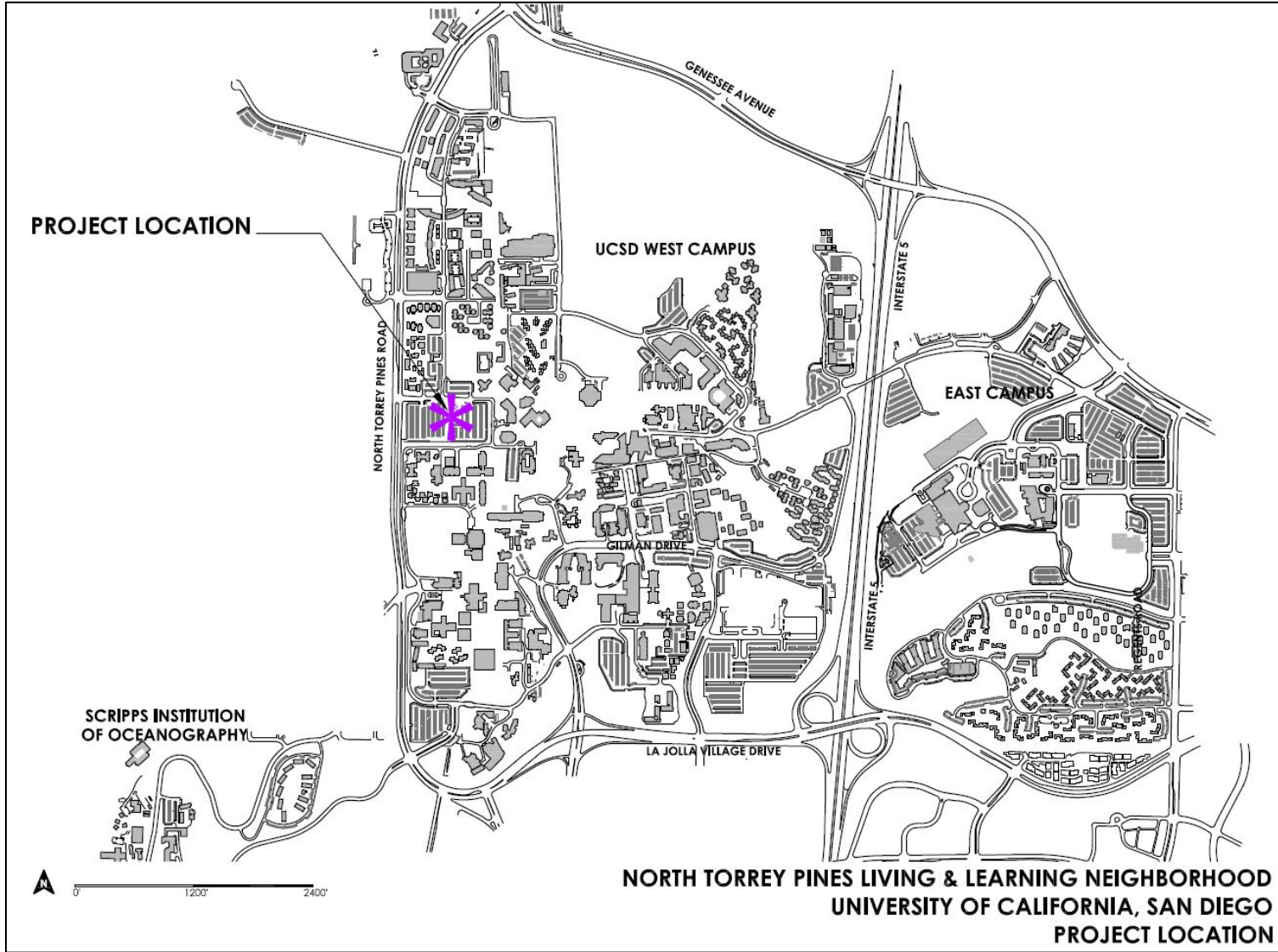
The campus is utilizing the fixed-price, design-build delivery process that supports the accelerated completion schedule for the proposed project. UC San Diego has had success in utilizing a design-build delivery method for housing projects (e.g., East Campus Graduate Housing, Health Sciences Graduate Housing, and North Campus Housing). The process allows the University to pre-qualify design-build teams and establish a comprehensive Request for Proposals (RFP).

The design-build RFP outlined all program requirements, including quality of construction elements (for both the housing facility and parking structure), quantity and type of housing units, specific amenities for each unit, requirements for common and administrative areas, site amenities, project color palettes, and life-safety requirements. Design Guidelines were included with the RFP to ensure that specific product and detailing requirements align with UC San Diego's Physical Design Framework, as well as Housing, Dining, and Hospitality and Transportation Services operational and maintenance practices.

A Maximum Allowable Price and a Design/Construction Schedule were built into the RFP. Three pre-qualified design-build teams were short-listed and invited to participate in a competition to create a schematic design technical proposal. Each proposal was reviewed and scored by a selection committee consisting of UC San Diego staff as well as members from the Design Review Board. The design-build team was selected on March 8, 2017.

The competitive nature of this approach has shown that the teams strive not only to meet the minimum program requirements, but also offer enhancements such as additional housing units and enhanced site amenities as part of their technical proposals.





PROJECT SITE

