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Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

DISCUSSION ITEM

For Meeting of March 15, 2017

UPDATE ON STUDENT HOUSING, LOS ANGELES CAMPUS

EXECUTIVE SUMMARY

The Los Angeles campus is located in one of the most expensive housing markets in the nation, and as it has evolved from a commuter campus to a largely residential campus, the demand for University housing has continued to increase. UCLA currently accommodates approximately 14,300 undergraduate students in on-campus housing and University-owned apartments close to campus. The campus also provides housing to more than 5,500 graduate students, faculty and staff, and their families. Campus housing options offer students relative affordability compared with housing available in the community. UCLA provides a three-year housing guarantee to all incoming first-year students and a one-year guarantee to incoming transfer students, and has a goal of increasing this guarantee to four years and two years, respectively.

The campus added approximately 2,100 beds from 2012 to 2014 through a combination of construction, redevelopment, acquisition, and conversion of unit occupancy. These additional beds, originally intended to alleviate overcrowding and address campus housing goals, were used to accommodate a portion of the nearly 3,500 students added to the undergraduate population (14 percent increase) from fall 2010 to fall 2014.

UCLA began enrolling 750 more undergraduate students in fall 2016 as part of the University's commitment to enroll more California residents through fall 2020. This increase presents challenges when coupled with the increasing demand for campus housing. To help accommodate the projected enrollment increases, the campus will temporarily add to the number of triple occupancy rooms, which is approaching 80 percent, and defer the goal of achieving an increased housing guarantee.

The campus has identified a potential for 6,900 beds that could be developed on multiple campus sites by 2020-21. From this potential capacity, the campus will pursue development of approximately 4,200 to 4,500 beds that are needed to accommodate the increased enrollment, increase the housing guarantee for entering first-year students from three to four years, and increase the guarantee for transfer students from one year to two years. The new beds will also allow the campus to reduce the triple occupancy percentage closer to the 60 percent target identified in the *Student Housing Master Plan.* Studies are under way to assess the viability of

each of these sites. In the future, the unused site capacity may be considered for additional undergraduate housing if demand increases beyond current projections, and for housing additional graduate students.

BACKGROUND

In the 30 years since UCLA drafted its first *Student Housing Master Plan*, the on-campus supply of undergraduate beds has increased from approximately 4,300 to 12,800, reflecting the campus' shift from a predominately commuter campus to a thriving residential community. Currently, approximately 14,300 undergraduate students (46 percent of the undergraduate population) live on campus or within one mile in University-owned housing. The campus also provides housing to more than 5,500 graduate students, faculty and staff, and their families.

Key planning principles of the *Student Housing Master Plan* consider University housing as a resource to: 1) support the recruitment, retention, transition, academic achievement, personal growth, and graduation rates of students; 2) provide students with options for affordable and safe housing on or proximate to campus; and 3) create a supportive and cohesive student community integrated with the academic program and campus life. High density housing models are typically employed to meet these goals due to the campus' limited land area.

In support of these planning principles, 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.

Campus Planning Environment

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 fall 2016 cohort grew by 600 freshman and 150 transfer students, with the increase coming from the California resident component of incoming students.

For undergraduate students, the continued increase in housing demand highlights the success of the housing program, which has transformed UCLA into a residential campus. As the residential component evolved, the campus developed a wide array of academic-oriented opportunities and support services for on-campus housing residents, and to some extent undergraduate students who live off-campus. These programs and services include academic counseling, tutoring, and course review sessions that are offered within campus residential facilities.

Recent Actions to Increase Bed Supply

The campus added approximately 2,100 beds from 2012 to 2014 through a combination of construction, redevelopment, acquisition, and conversion. New construction included 1,500 on-campus bed spaces along with dining and recreation facilities that were added to the campus housing inventory in 2013-14. It was originally anticipated that these additional beds would enable UCLA to increase the guarantee for transfer students to a two-year standard without affecting the three-year guarantee for freshmen. However, the additional bed spaces were utilized instead to absorb the increased enrollment and increased housing demand from non-freshman students.

The campus also added nearly 600 undergraduate beds in 2013-14 to the off-campus apartment inventory proximate to campus. This includes the acquisition of Landfair Vista with 178 beds (2014); the redevelopment of Landfair and Glenrock Apartments with a net increase of 131 beds (2014); and conversion of Faculty Gayley housing for use by undergraduates that netted 284 beds (2013). Another project currently in design will redevelop the existing Margan Apartments and result in a net increase of 141 beds (2019). As a result of these actions, the undergraduate beds in the apartment inventory will increase by a total of 734 beds between 2014 and 2019.

Improvements to Existing Facilities

A ten-year effort to renovate older on-campus housing facilities is completed. During this time, buildings were taken off-line to complete necessary systems upgrades, infrastructure improvements, and comprehensive renewal. Decreasing this inventory during a period of enrollment growth resulted in a higher percentage of triple occupancies than the desired 60 percent identified in the *Student Housing Master Plan*. This renovation cycle concluded during the 2015-16 academic year with the completion of the refurbishment of Delta Terrace in the Northwest campus. Going forward, renovations targeting routine refurbishment and energy efficiency improvements are expected to be implemented during the summer months to limit impacts on students.

New Dining and Study Facilities

Dining is an essential element of a high-quality residential experience for undergraduate students. The housing program has added seating to accommodate recent enrollment increases, and invested in infrastructure improvements to increase quality and gain efficiencies in delivery of food service. As part of the 1,500-bed project completed in 2013, the campus created a 710-seat dining facility with an innovative menu platform featuring healthy and sustainable food items. A new 350-seat dining/study facility completed in 2016 provides a unique environment where students can eat and study together 24 hours a day.

Affordability

Campus-provided student housing is also an important source of more affordable options compared to housing available in the surrounding community. The residential community surrounding UCLA is a desirable market for non-students and supply is very limited. These factors create a competitive market for housing and suggest that student demand for affordable University-owned housing will remain strong for the foreseeable future. Housing costs in University-owned facilities are generally lower than most comparable alternatives in the community.

The Westwood housing market for apartment rental properties has become unaffordable for the vast majority of undergraduate students. According to a market rent survey completed by CBRE in January 2017 for the campus, University-owned apartments are 21.9 percent below the mean rate in the private market. For example, students are currently paying approximately $900 per month for a University-owned two-bedroom apartment compared to $1,200 a month for a similar two-bedroom apartment in the community. The same study indicates that the vacancy rate in private sector apartments is approximately 2.8 percent, resulting in continued competition for students not within University-owned housing. Current trends indicate that private options will increase rental rates between four and seven percent annually, while the *Student Housing Master Plan* anticipates undergraduate rate increases for University-owned housing to be limited to no more than three percent for the next five to ten years.

President's Student Housing Initiative and Proposed Projects

In January 2016, the President of the University announced a Student Housing Initiative to add 14,000 student beds systemwide by 2020. The initiative aims to provide sufficient, affordable housing for UC students. To support the target date of this initiative the campus has an approved project to redevelop the existing Margan Apartment building and provide a net new 141 undergraduate beds. Also in response to the President's Initiative and the high demand for on-campus housing at UCLA, the campus began a selection process in August 2016 to retain services to study housing options for undergraduate students. Two executive architects were selected to evaluate multiple sites for new housing. Based on a preliminary assessment of these sites, the campus has identified a potential capacity for approximately 6,900 beds that can be built on campus for occupancy by 2020-21, as shown in Table 1 below.

Table 1: UCLA Proposed Housing Projects

Project/Site	Students	Estimated Beds	Anticipated Completion	Status
Bradley	Undergraduate	800	Winter 2020	Proposed Project
Lot 15	Undergraduate	1,500	Spring 2021	Proposed Project
Drake	Undergraduate	1,100	Spring 2021	Proposed Project
UNEX	Upper-Division Undergraduate	1,300	Spring 2021	Proposed Project
Warren	Upper-Division Undergraduate	2,200	Fall 2021	Proposed Project

	TOTAL	**6,900**		

From this potential total capacity of 6,900 undergraduate beds, the campus will pursue development of approximately 4,200 to 4,500 beds that are needed to meet the campus goal of guaranteed on-campus housing to all entering first-year students for four years and to all new transfer students for two years. More detailed studies will allow the campus to assess the viability of the proposed sites and identify the preferred locations for construction of the 4,200 to 4,500 beds needed to fulfill the increased demand for student housing. The remaining potential 2,400 beds will be considered for housing additional undergraduates in the future if demand increases beyond current projections, and for housing additional graduate students.

PROPOSED UNDERGRADUATE HOUSING PROJECTS

There is high demand for housing on the Los Angeles campus. There is currently a waitlist of approximately 1,100 undergraduate students for University-owned housing for the upcoming 2017-18 academic year that is projected to increase to over 2,100 students, based on the previous year's acceptance rate. The 4,200 to 4,500 new undergraduate beds would allow UCLA to accommodate 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, and move the campus closer its target of 60 percent for triple occupancies. The sites proposed for evaluation are described in more detail below.

Bradley Site: The proposed project would be located on an undeveloped parcel adjacent to Bradley Hall in the Northwest campus zone. The site could accommodate approximately 800 beds in a new residence hall for undergraduate students in designed triple rooms with community bathrooms. The project would also provide dining, common study, meeting, and laundry facilities to support the undergraduate living and learning environment. The dining facility would include a to-go eatery with indoor and outdoor seating options to supplement existing full-service dining facilities in this area of campus. Currently, the site is a landscaped hillside at the intersection of Gayley Avenue, Strathmore Drive, and Charles E. Young Drive West proximate to the undergraduate residence halls in the Northwest campus. The sloping site offers the opportunity to create a residential community along a well-travelled route used by students throughout the day.

Lot 15 Site: The proposed project would be located on an underutilized site between the Saxon and Hitch Residential Suites in the Northwest campus zone. The site could accommodate approximately 1,500 beds for undergraduate students in designed triple rooms with community bathrooms. The project would also provide common study and laundry facilities. Currently, the site is occupied by a housing maintenance program and related service vehicle parking. The multi-level site on a sloped hillside offers an opportunity to construct an infill housing project proximate to the adjacent residential suites and the Rieber Undergraduate Residence Hall directly across De Neve Drive.

Drake Site: The proposed project would be located along the upper rim of Drake Stadium in the Northwest campus zone. The site could accommodate approximately 1,100 beds for

undergraduate students in designed triple rooms with community bathrooms. The project would also provide common study and laundry facilities. Development of this site also provides an opportunity to accommodate additional space for athletic programs associated with the stadium and nearby athletic facilities. Currently, the land is a landscaped area along De Neve Drive, with the undergraduate Sproul Residential Complex and Covel Commons to the west and Drake Stadium to the east.

University Extension (UNEX) Site: The proposed project would be located on the UNEX building site in the Bridge zone of the campus. The site could accommodate approximately 1,300 beds for upper-division undergraduate students in two-bedroom/two-bath apartment units. Student support space would include common study, meeting, and laundry facilities. The UNEX building, a 95,000-gross-square-foot office and classroom building built in 1971, would be demolished and the occupants relocated to temporary lease space as part of a long-term plan to consolidate the Extension program in a new facility on campus. The site, located immediately to the north of Westwood Village at the intersection of Le Conte Avenue, Gayley Avenue, and Levering Avenue, is proximate to the existing Margan Apartment building that is currently under redevelopment and the proposed Warren site described below.

Warren Site: The proposed project would be located on the Warren Hall site in the Southwest campus zone. Warren Hall, a 102,200-gross-square-foot laboratory and office building built in 1961, would be demolished and the occupants relocated to other facilities on campus to construct the project. The site could accommodate approximately 2,200 beds for upper-division undergraduate students in two-bedroom/two-bath apartment units. Student support space would include common study, meeting, recreation, and laundry facilities. The project would be designed to create opportunities for creative study and collaboration with residents of the adjacent graduate student community in Weyburn Terrace and/or provide additional graduate student housing. The campus has had an aspiration to develop this site for student housing since the Weyburn Terrace Graduate Student apartment complex was built in the early 2000s, and now surrounds the proposed site on the north, west, and south.

Parking
The proposed projects would not provide parking since parking permits are not typically issued to undergraduate students. Parking for faculty and staff displaced from the 136 existing parking spaces at the Warren site would be absorbed into the existing campus parking inventory. Limited spaces would be provided as needed to accommodate the drop-off, pick-up and service needs at each location. Housing maintenance service vehicles displaced from Lot 15 would be relocated to other parking areas in the Northwest campus.

Project Schedule
In order to facilitate the delivery of new units by 2020-21, the campus expects to request approval of preliminary plans funding for selected sites at the Regents' May 2017 meeting. The preliminary plans approval would enable the campus to confirm and refine the scope of work and budget, and complete schematic design and design development prior to submitting the project to the Regents for full budget approval.

Key to Acronyms

CEQA	California Environmental Quality Act
GSF	Gross Square Feet
P3	Public-Private Partnership

ATTACHMENTS

Attachment 1: Campus Location Map
Attachment 2: Alternatives Considered

ATTACHMENT 1

CAMPUS LOCATION MAP

1 **Bradley:**
Undergraduate
800 Beds

2 **Warren:**
Upper-Division Undergraduate
2,200 Beds

3 **Lot 15:**
Undergraduate
1,500 Beds

4 **UNEX:**
Upper-Division Undergraduate
1,300 Beds

5 **Drake:**
Undergraduate
1,100 Beds

ATTACHMENT 2

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 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 comply with the President's Student Housing Initiative to increase the supply of undergraduate housing at UCLA, as part of the goal to increase the supply of student housing throughout the UC system. Without additional beds for undergraduate students, the campus would not be able to address current and projected demand for student housing; would not be able to provide sufficient housing to maintain the current guarantee of three years to entering first-year students and one year for transfer students; would not be able to increase the housing guarantee to two years for transfer students; and would not be able to provide sufficient 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 4,200 to 4,500 additional beds is not a viable course of action at this time. While UCLA continually looks for opportunities to purchase properties proximate to campus, there are no known opportunities to secure large parcels of land that would 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.

Given the expertise and financial capacity of the campus to deliver housing that suits its needs, the development of beds through a Public-Private Partnership (P3) delivery model is not the preferred delivery approach for providing on-campus housing by 2020-21. To ensure timely project delivery, a potential P3 negotiation would need to resolve a host of issues concurrent with the planning process including maintenance costs, lease rates, capital replacement reserves, building standards, a performance schedule, financing mechanisms, ground lease provisions, cost provisions, and contract processing. Addressing these issues would add time to the project schedule and ultimately delay delivery. The added project costs associated with a longer schedule would also increase student housing rates and the overall financial feasibility of the proposed projects. Compared with the higher cost of private sector financing and profits, University-constructed and managed housing is expected to be more financially viable for the students and the campus.

Construction of new housing using a University-delivered approach is the preferred alternative. UCLA has considerable experience in the development of on-campus student housing, having increased the supply of undergraduate beds by more than 8,500 beds during the past 30 years. UCLA housing has a strong balance sheet that can accommodate the anticipated development

and operating costs associated with the proposed projects. The proposed Bradley and Warren Hall sites can be made available quickly: the Bradley site in the Northwest campus zone is undeveloped and a campus commitment is in place to vacate Warren Hall so that additional housing can be constructed in the Southwest campus zone. Construction of additional apartment units in the Southwest campus zone will enhance the residential character of that zone, and construction of an additional residence hall (and related dining and commons space) will allow the students to benefit from extensive student dining options, recreation, fitness, and study amenities that already exist in the Northwest campus zone.