

**Office of the President**

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

**ACTION ITEM – CONSENT**

*For Meeting of March 15, 2023*

**PRELIMINARY PLANS FUNDING, GAYLEY TOWERS REDEVELOPMENT,  
LOS ANGELES CAMPUS**

**EXECUTIVE SUMMARY**

The University of California, Los Angeles, proposes to redevelop the site of Gayley Towers, located at 565 Gayley Avenue, Los Angeles, an existing Regents-owned apartment building. The project would redevelop an aging 1981 apartment building, comprised of 51 studio units (100 beds), into high-density communal living accommodations. The project would add a new inventory type of more affordable co-living style units with shared kitchens and community bathrooms for undergraduate students. The project would develop up to 542 beds configured in triple units, increasing the current bed count by 442. This addition to UCLA’s inventory allows students with the highest need to live adjacent to campus with significantly lower rents than are now available in Westwood.

The project is located across the street from the main campus near the on-campus undergraduate community known as “the Hill.” The proposed project increases the density of the current site and introduces a new inventory of co-living style housing. The project supports diversity, equity, and inclusion by expanding student access to affordable housing and the many academic and social resources available on campus. Providing more affordable, below-market rate housing additionally supports the retention of upper-division undergraduates and the recruitment of outstanding transfer students. This project addresses current and anticipated demand for housing consistent with the goals of the Student Housing Master Plan and continues the 30-year transformation of UCLA from a commuter to a residential campus.

The project would be funded from a combination of 2022-23 Higher Education Student Housing Grant Program funds, housing reserves, and external financing. The Regents are being asked to approve preliminary plans funding in the amount of \$3.1 million to be funded from housing reserves. The campus intends to seek approval of the budget, scope, external financing, and design following action pursuant to the California Environmental Quality Act in fall 2023.

## **RECOMMENDATION**

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that the 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: Gayley Towers Redevelopment – preliminary plans – \$3.1 million to be funded from housing reserves.

## **BACKGROUND**

With the recent completion of student housing projects with approximately 5,300 beds, UCLA increased the housing guarantee to four years for incoming first-year students and two years for incoming transfer students. Achieving this guarantee responds to a long-held aspiration from the Student Housing Master Plan. Over several decades, UCLA has evolved from a predominately commuter campus into a thriving residential community, and the on-campus supply of undergraduate beds has increased from approximately 4,300 to 18,800. While UCLA has achieved its primary mission, there are still key principles of the master plan that the campus seeks to strengthen through the redevelopment of this existing property.

The Student Housing Master Plan includes the following planning principles to guide the growth and evolution of the undergraduate housing program:

1. Campus housing is a vital resource to support the recruitment, transition, personal growth and development, academic achievement, retention, and graduation of undergraduate students.
2. More affordable living options must be considered in developing the student housing program.
3. Limited land and resources require a high-density living model to maximize the number of students housed, with a focus on a high-quality living experience.
4. Campus housing helps create a supportive and cohesive student community by integrating the housing program with other aspects of campus life.
5. Allocation strategies must be refined to ensure that housing resources support academic program objectives and student recruitment and retention goals.

## **PROJECT DRIVERS**

Key project drivers include addressing the unmet demand for more affordable housing that is even less expensive than other below-market campus alternatives. For this project, higher affordability goals would be achieved by developing a co-living housing model with a large, shared kitchen that will allow not only for lower rents, but also provide the opportunity for lower individual food costs as well.

***Increase the Supply of More Affordable Housing***

With the recent extension of the housing guarantee to all undergraduate students, UCLA houses approximately 58 percent of all undergraduates. Approximately 13,500 undergraduate students opt out of UCLA housing; the campus assumes that cost is a key factor in these decisions. The proposed co-living model is a new inventory type that creates the support and social structures of the on-campus living experience with a more affordable rent.

Higher Education Student Housing Grant Program

In 2020, the State established the Higher Education Student Housing Grant Program (Program) to fund projects providing housing for low-income undergraduate students. In September 2022, the State appropriated \$35 million under this Program for UCLA’s proposed redevelopment of Gayley Towers. This funding commitment will allow the campus to offer a monthly housing rental rate of \$600 for the 358 State-supported beds. The 184 additional beds will be priced at sufficient levels to guarantee the entire project’s financial feasibility.

Rental Rate Comparison

The residential community surrounding UCLA is a desirable market for non-students, and supply is limited. This competitive housing market has become unaffordable for most undergraduate students. According to a market rent survey completed by CBRE for the campus in January 2022, the area currently has a two percent vacancy rate.

The proposed co-living housing model does not currently exist in Westwood since it is an emerging inventory type in the private sector. Table 1 summarizes estimated rental rates for Gayley Tower beds (supported by the State funding grant) compared to the surrounding private market rental rates, escalated by three percent annually to the FY 2026-27 academic year.

**Table 1: Comparison of Rental Rates**

<b>Location</b>	<b>Projected 2026-27 Monthly Rental/Student</b>	<b>% Under Market</b>	<b>Projected 2026-27 Annual Cost/Student<sup>4</sup></b>	<b>% Under Market</b>
Proposed Gayley Towers Rate <sup>1</sup>	\$600	59%	\$5,400	69%
Local Community Market Comparable to a 4-bedroom / 8-person apartment <sup>2,3</sup>	\$1,474		\$17,688	-
Notes:				
1. Gayley Tower rates are for furnished rooms, including utilities, cable, wi-fi, housekeeping of kitchen and common spaces				
2. Off-campus rates were market comparable for a 4-bedroom, 8-person furnished apartment, including market equivalent adjustment for the inclusion of furniture, utilities, and cable/internet.				
3. Market rental rates based on North Westwood Village winter 2022 information provided by CBRE escalated by three percent per annum.				

4. Annual cost assumes a nine-month lease for on-campus housing and a 12-month lease for off-campus rentals.

### *Increase Housing Supply to Achieve Optimal Densities Across the Campus*

Given the nature of the community surrounding UCLA, the types and amount of housing available proximate to campus, and the competition by non-students for housing in these desirable neighborhoods, student demand for affordable Regents-owned housing will continue to be strong. After instituting the undergraduate housing guarantee, a steady increase in demand for existing inventory is anticipated. UCLA seeks to add additional inventory to ensure that the campus can maintain an optimal level of density across the on-campus community. The redevelopment of Gayley Towers as planned triple units increases the current bed capacity by 442 beds. The overall campus goal is not to exceed 80 percent triples, ideally sustaining a triple percentage driven by demand, estimated at 60 to 70 percent.

### **PROJECT DESCRIPTION**

The proposed Gayley Towers Redevelopment would construct a 112,000-gross-square-foot co-living style housing inventory with extensive living, electric appliance kitchen, and study space per floor. Co-living is a hybrid of dorm-style housing with community bathrooms and shared spaces for students to cook, eat, and socialize. The project would provide up to 542 beds in designed triple-occupancy rooms. Located adjacent to the undergraduate on-campus community, the project can take advantage of existing community facilities, such as fitness rooms, recreation space, computer and study rooms, and administrative and operational support. Communal shared spaces throughout the building include kitchens, study rooms, teleconference rooms, quiet spaces, and laundry facilities.

Programming for the project includes features that support a safe, equitable, and inclusive environment for residents. These features include gender-inclusive restrooms, a courtyard, and the provision of basic food staples delivered weekly for the community to use.

#### *Project Site*

The Gayley Towers Redevelopment project site is a 0.48-acre parcel located at 565 Gayley Avenue in Westwood Village (see Attachment 2, Project Location Map). The project will redevelop an existing six-story structure built in 1981 that currently includes 51 studio and studio loft units. The campus proposes to demolish the existing apartment building. The site has a significant grade change from Gayley Avenue toward Landfair Avenue at the rear of the site.

The new housing design is intended to be compatible with the surrounding context. The building's design will be consistent with the UCLA Physical Design Framework while considering the architectural character and context of the North Westwood Village area. Additional information may be found in the Conceptual Site Plan (Attachment 3).

### ***Sustainability***

The project will comply with the University of California Policy on Sustainable Practices. The Sustainable Practices Policy establishes goals for green building, clean energy, transportation, climate protection, facilities operations, zero waste, procurement, food service, and water systems. A full range of sustainability practices for building design and operations are included in the budgeting, programming, and design effort for the project.

This project has been analyzed by the UC Operational Carbon and Energy Assessment for New Construction (OCEAN) Tool, and results are provided in Attachment 5. The OCEAN Tool identifies high-level estimates of target site energy use, utility costs, and operational greenhouse gas emissions for the proposed project. Building performance metrics are being compiled within UC's capital projects database and will be utilized to compare and assess future projects.

Specific sustainability goals include the following:

- Achieving a minimum of Leadership in Energy and Environmental Design (LEED) Gold certification; striving to achieve Platinum certification.
- Outperforming California Building Code (CBC) Title 24 standards by 20 percent and striving to outperform the standards by 30 percent where possible.
- Optimizing the energy efficiency of systems not addressed by the CBC energy efficiency standards.

### ***Project Delivery***

A construction management (CM) team will be selected to provide pre-construction services such as cost estimating, scheduling, constructability, and risk analysis. The CM team will assist the campus in analyzing constructability options for building systems as well as delivery options for early 'make ready' work to facilitate the timely delivery of the project. 'Make ready' work may include site preparation, early demolition packages, relocation of existing utilities, and installation of new utilities.

### ***Small Business Enterprise***

The campus is committed to promoting and increasing participation of Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises (DVBES) in all purchasing and contract business, subject to any applicable obligations under State and federal law, collective bargaining agreements, and University policies. The campus regularly communicates with interested contractors and consultants to provide information about finding opportunities to work at the campus and to encourage them to respond to the annual announcement soliciting interest to perform services. Providing qualified SBEs with the maximum opportunity to participate will be encouraged with the selected design professionals and contractors with the goal of meeting 25 percent participation.

***Project Schedule and Future Actions***

The campus expects to seek the Regents’ approval of the budget, scope, external financing, and design following action pursuant to the California Environmental Quality Act in fall 2023. Project completion would be timed so that the new beds would be available in fall 2026.

***Funding Plan***

Preliminary plans would be funded from housing reserves. Refer to the Preliminary Plans Budget (Attachment 1) for more information.

Project costs are expected to be funded from a combination of Higher Education Student Housing Grant Program funds, housing reserves, and external financing. The project received an appropriation for \$35 million in grant funds.

**Key to Acronyms**

CBC	California Business Code
CBRE	Coldwell Banker Richard Ellis
CM	Construction Management
DVBE	Disabled Veteran Business Enterprise
GSF	Gross Square Feet
LRDP	Long Range Development Plan
OCEAN Program	Operational Carbon and Energy Assessment for New Construction Higher Education Student Housing Grant Program
SBE	Small Business Enterprise

**ATTACHMENTS**

Attachment 1	Preliminary Plans Budget
Attachment 2	Project Location Map
Attachment 3	Conceptual Site Plan
Attachment 4	Alternatives Considered
Attachment 5	UC OCEAN Tool Report

## PRELIMINARY PLANS BUDGET

## GAYLEY TOWERS REDEVELOPMENT, LOS ANGELES CAMPUS

<b>Category</b>	<b>Amount</b>	<b>Percentage</b>
A&E Fees <sup>1</sup>	\$1,570,000	50.6%
Campus Administration <sup>2</sup>	\$260,000	8.4%
Surveys, Test, and Plans <sup>3</sup>	\$170,000	5.5%
Special Items <sup>4</sup>	\$1,100,000	35.5%
<b>Total Preliminary Plans Budget</b>	<b>\$3,100,000</b>	<b>100%</b>

Anticipated preliminary plans phase activities include the following:

- The selected design team will validate the project program, evaluate building and site options, and complete schematic design and design development documents.
- A construction management (CM) team will be selected to provide pre-construction services such as cost estimating, scheduling, constructability, and risk analysis.
- The CM team will assist the campus in analyzing constructability options for building systems as well as delivery options for early “make ready” work to facilitate the timely delivery of the project. “Make ready” work may include site preparation, early demolition packages, relocation of existing utilities, and installation of new utilities.
- California Environmental Quality Act documentation will be completed during this phase.
- Extensive reviews will be required, including peer reviews and collaborative design phase reviews by the Division of the State Architect, Office of the State Fire Marshal, and the campus’s Building Official.

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<sup>1</sup> A&E Fees include Architect and design professional consultants.

<sup>2</sup> Campus Administration includes project management, engineering, contracts, and design review through design development.

<sup>3</sup> Surveys, Tests, and Plans include geotechnical soil borings, site surveying, and other design-phase testing as necessary.

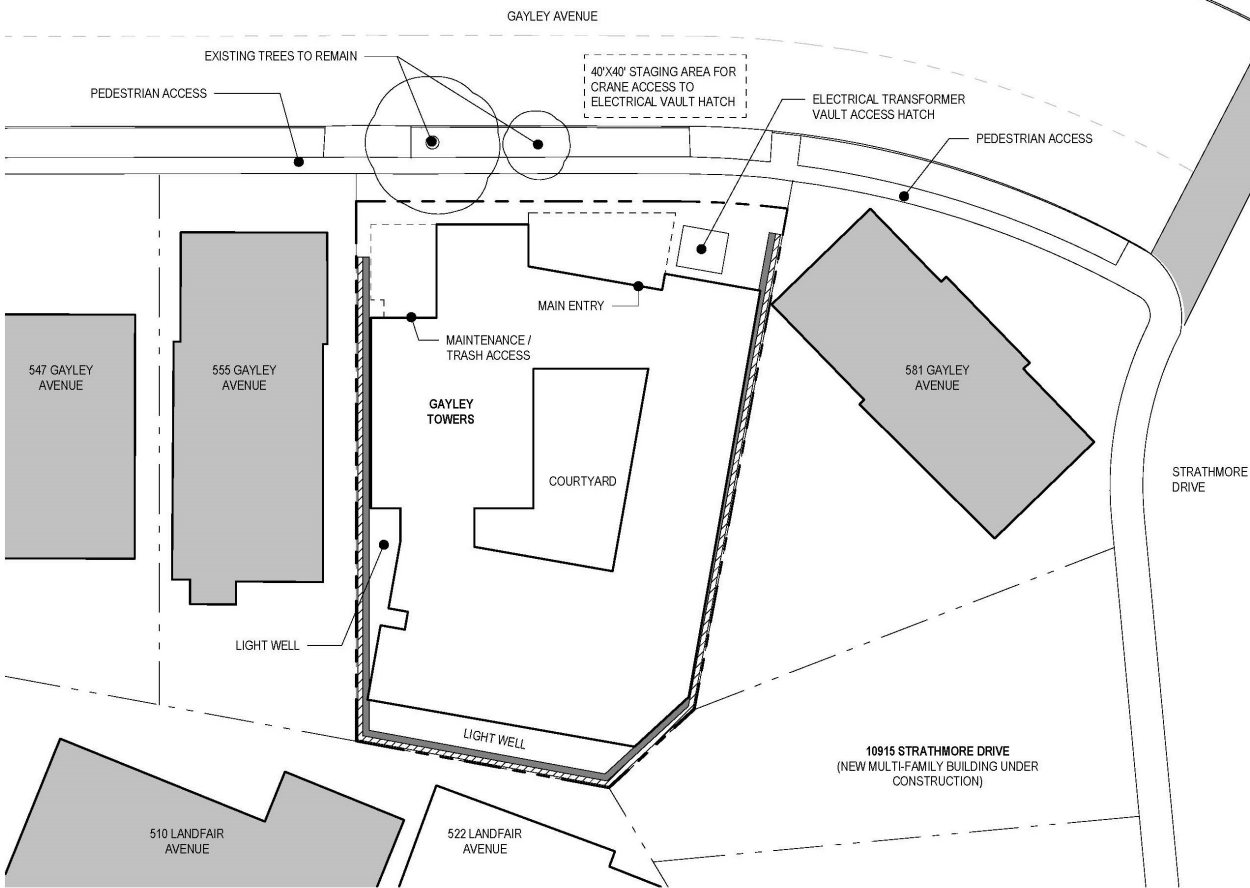
<sup>4</sup> Special Items include programming and pre-design studies, CEQA documentation, peer reviews, specialty consultants, agency fees, and CM pre-construction services.

PROJECT LOCATION MAP





CONCEPTUAL SITE PLAN



SEATTLE / Pier 56, 1201 Alaskan Way, #200 / Seattle, WA 98101 / 206.623.3344  
SAN FRANCISCO / 690 Market Street, #300 / San Francisco, CA 94104 / 415.956.0688  
LOS ANGELES / 5837 Adams Blvd / Culver City, CA 90232 / 323.937.2150  
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10/12/22

UCLA GAYLEY TOWERS | SITE PLAN

## ALTERNATIVES CONSIDERED

Five project alternatives were considered: 1) demolish the existing housing units and redevelop the site; 2) renovate the existing housing units; 3) acquire additional apartment inventory; 4) utilize public-private partnership (PPP) delivery model; and 5) no project.

**1. Demolish the existing housing units and redevelop the site**

This project is a cost-effective alternative to address the demand for affordable housing for undergraduates and efficiently uses the existing site, which is adjacent to the UCLA campus.

**2. Renovate the existing housing units**

Retaining a portion of the existing housing would not yield the desired net increase in beds.

**3. Acquire additional apartment inventory**

Existing inventory in Westwood Village is expensive. The higher cost of an acquisition would not allow for more affordable rates desired for this project. Additionally, the funds secured through the State were not eligible to be applied toward acquisitions of existing apartment inventory.

**4. Utilize public-private partnership (PPP) delivery model**

A third-party project is not eligible for the Higher Education Student Housing Grant Program, which is a major source of funding for this project.

**5. No project**

Without the completion of the proposed project, the campus would be less able to meet the ongoing demand for housing to support the campus' four-year guarantee.

Alternative 1, demolishing existing housing units and redeveloping the site, is the preferred alternative, as it best meets the project drivers of helping to meet the demand for additional beds and providing affordable student housing while using the approved State funding.

# Gayley Towers Redevelopment

## UC OCEAN Report

Report prepared on January 17, 2023

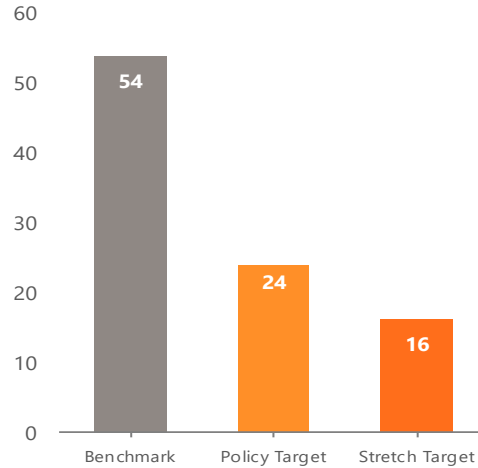
### PROJECT RESULTS

30-Year NPV Utility Costs **\$4,246,300**  
 Cumulative GHG Emissions **0 MTCO<sub>2e</sub>/yr**

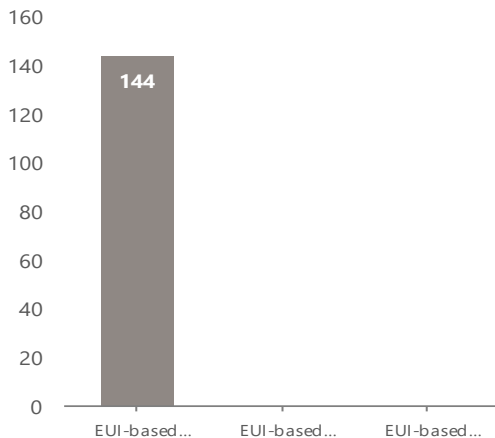
### PROJECT INPUTS

Campus *UCLA*  
 Project Size *112,000 sq ft*  
 Funding Stage *P-Funding*  
 Design Phase *Schematic Design*  
 Fuel Source *All-electric*  
 Electricity Provider *External Utility*  
 Cooling System *Stand-alone*  
 Heating System *Stand-alone*

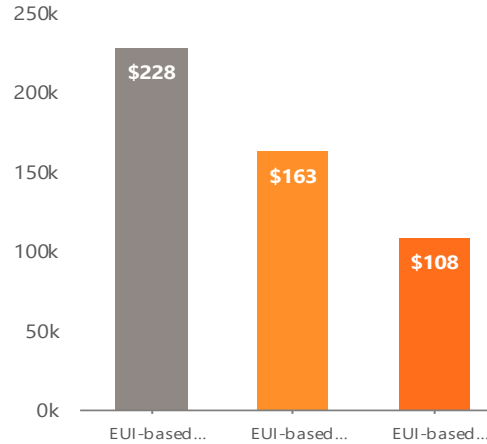
### SITE ENERGY USE INTENSITY (kBtu/sq ft)



### ANNUAL GHG EMISSIONS (MTCO<sub>2e</sub>/yr)



### ANNUAL UTILITY COSTS (\$k/yr)



### DEFINITIONS

**Benchmark:** UC Sustainable Practices Policy whole building energy use baseline benchmark based on building type and campus location.

**Policy Target and Stretch Target:** The UC Sustainable Practices Policy includes bi-annually updated minimum and stretch targets based on percent reduction in energy use from the Benchmark. See Table 1 of Section V.A.3 in the Policy for more information (<https://policy.ucop.edu/doc/3100155/SustainablePractices>).

**Project:** Results are estimated based on currently available project details and campus-specific energy assumptions.

**EUI-based Benchmark, Target and Stretch Target:** GHG emission estimates, and utility cost estimates associated with the project Benchmark EUI, Policy Target EUI, and Stretch Target EUI.

### NOTES [add as needed, or delete if not applicable]

- For projects in the Preliminary Plans (P) phase, Project estimates are forecasted to meet Policy Target goals based on currently available program space types and energy system configuration. In future phases (e.g., Design, and Working Drawings), with further developed design details, the project will demonstrate how goals will be met or exceeded.
- Policy and Stretch Targets for annual GHG emissions are zero, and forecasted operational GHG emissions are zero for this project because this is an all-electric building serviced by an external utility provider.