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Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

INFORMATION ITEM

For Meeting of May 12, 2021

ALBANY VILLAGE GRADUATE STUDENT HOUSING, BERKELEY CAMPUS

EXECUTIVE SUMMARY

The Berkeley campus is proposing a new graduate student housing community adjacent to the existing University Village Albany family housing community in Albany, California, located three miles from the Berkeley campus. The proposed project will provide 760 single-occupancy bedrooms in 289 apartment-style units targeted to single graduate students without children (Project). The Project will provide below-market living options for graduate students and will help mitigate the campus's severe student housing shortage by helping meet the campus' goal of building 2,750 new graduate student beds to meet current demand. The Project will be delivered through a public-private partnership (P3).

The campus intends to request Regents' approval of a minor amendment to the 2004 University Village Master Plan and design of the project following action pursuant to the California Environmental Quality Act, in the summer of 2021. The campus will seek approval of the P3 business terms in early 2022.

BACKGROUND

The shortage of available and affordable housing for UC Berkeley's students is a matter of urgent concern for the campus. At present, UC Berkeley has the lowest percentage of student beds of any campus in the UC system, which is exacerbated by its location in one of the tightest housing markets in the country. This shortage negatively affects the student experience, and challenges the campus's ability to recruit graduate students and postdoctoral scholars. The campus's 2017 Housing Task Force Report[1] set goals for new housing development as part of a comprehensive effort to address these challenges. Those goals for the student population include:

- Provide two years of housing for entering freshmen
- Provide one year of housing for entering transfer students
- Provide one year of housing for graduate students

[1] http://evcp.berkeley.edu/sites/default/files/housing_master_plan_task_force_final_draft_january_2017.pdf

PROJECT DESCRIPTION

The Albany Graduate Student Housing (Project) site was identified as a priority housing site for the Berkeley campus's 2017 Housing Task Force Report. The Project would respond to the goal of providing one year of housing to entering graduate students, would provide affordable living options for graduate students, and mitigate the severe shortage of graduate student beds. Currently, the campus owns and operates 252 single graduate student beds. In the last five years, the campus has added 820 graduate students, while not adding any additional single graduate student beds since 2002. In 2019, despite this low inventory, the campus received 500 applications for these 252 beds. This imbalance creates significant unmet demand. The Project will contribute towards addressing the campus's unmet graduate housing need by delivering more than 27 percent of its current goal and tripling the existing supply of single graduate student beds on University-owned land.

The project includes a minor amendment to the 2004 Master Plan to remove a portion of the Commercial or Mixed Use land use designation so that the entire site is within the Housing, Parking, Recreation, and Open Space land use designation (refer to Attachment 1).

Project Site

The proposed 3.8-acre project site is located on Regents-owned land at the location of the former Experiment Station for Biological Control in the City of Albany, approximately three miles from Berkeley's main campus (Campus Park) (refer to Attachment 2); it is located at the northeast corner of the intersection of Monroe and Jackson streets (refer to Attachment 3). The University Village family housing development is across Jackson Street to the west, and a Sprouts grocery store on a Regents-owned land lot abuts the east side. Rausser College of Natural Resources (RCNR) research fields are to the north, and a community center is located on the south of the site. The site is served by existing AC Transit public bus connections and on- and off-street bicycle routes. The Project site is a priority for campus housing development. It is one of few University-owned properties in the vicinity of the Campus Park with available space and limited relocation and surge needs. The site currently hosts overflow parking for University Village, storage for campus units, a community-serving recreation building, uncultivated fields, and a small number of structures extant from the Experiment Station for Biological Control. Recreation and RCNR uses will be relocated to nearby sites as part of the Project. The proposed project would implement a portion of the final phase of development of the 2004 University Village Master Plan approved by the Regents in 2004.

Program

The campus is proposing to deliver a total of 289 apartment units and 760 beds on the 3.8-acre site, for a density of 185 beds per acre (refer to Attachment 4). The floor area ratio of the project is 1.98. The Project would be six stories tall and include exterior circulation. The building would have a central area featuring a lobby, social lounge, study room, laundry facility, and covered, secure bicycle storage.

The Project will include 166 on-site resident-serving surface parking spaces, resulting in a 0.22 ratio to occupants. Building residents will have access to three landscaped courtyards. The Project would be built to meet the Berkeley campus's sustainability standards. Those standards include a requirement that the buildings achieve a Leadership in Energy and Environmental Design (LEED) Gold status and use 100 percent clean electrical power. The Project would include Electric Vehicle (EV) parking spaces and secure bicycle storage for residents.

The project's conceptual design, height, and massing respond to the neighboring two- and three-story buildings in University Village and deliver an efficient and completely priced wood frame over podium construction. Surface parking also allows lower construction costs relative to structured parking and is more appropriate in the relative low-density community adjacent to University Village.

Due to the focus on affordability and the varied accommodation needed to meet diverse graduate student needs, four types of units will be delivered. Approximately 43 percent of the units would be four-bedroom, two-bathroom apartments (1,042 square feet (SF)), 33 percent would be two-bedroom, one-bathroom apartments (694 SF), ten percent would be one-bedroom units (563 SF), and 14 percent would be studio apartments (328 SF). All bedrooms would be single occupancy (refer to Table 1).

Table 1: Proposed Unit Mix

Unit Type	Occupancy	Total Units	Total Beds
Studio	Single	39	39
1Bed/1 Bath	Single	29	29
2 Bed/1 Bath	Single	96	192
4 Bed/2 Bath	Single	125	500
Total		289	760

Project Financing Model

The Project will be implemented as a public-private partnership. The Berkeley campus selected American Campus Communities (ACC) as its master housing developer via a competitive Request for Qualifications/Proposal process for nine identified housing sites, including the Project site. ACC is financing the Project's planning and design, and options for the project structure are being evaluated. ACC or the project owner would be responsible for construction. ACC will be responsible for all maintenance, operations, and upkeep associated with the Project. The campus would enter into an agreement with ACC to market and lease beds exclusively to UC Berkeley graduate students.

Rental Rates

To deliver affordably-priced student housing, the campus anticipates price-conscious construction materials and site planning techniques including five wood frame stories over one-story concrete podium construction, exterior circulation, surface parking, and a significant

number of four-bedroom units. Based on preliminary budgeting, the weighted average rent for the building is $1,412 per month in today's dollars (refer to Table 2). Accommodation in a four-bedroom unit ($1,309 per month) is less than significantly older four-bedroom accommodations in existing graduate student housing options on the Berkeley campus ($1,350 per month). Listed rates include water, sewer, garbage, internet, laundry, and furnishing. Compared to market rate housing within the site vicinity, rates are between 30 and 38 percent below market rate. The four-bedroom units are not commonly found in the private market, but can effectively deliver single bedroom accommodation at rents 40 percent below two-bedroom market rate units.

Table 2: Estimated Rental Rate – Cost Per Bedroom ($2021)

	Studio	1 Bed/ 1 Bath	2 Bed/ 1 Bath	4 Bed/ 2 Bath
Albany Village Graduate Student Housing	$1,809	$2,009	$1,509	$1,309
Adjusted Median Market Rate*	$2,917	$3,093	$2,166	N/A
Percent Below Market	38%	35%	30%	

Source: Yardi Matrix. Note: market rates include $100 per person for water, sewer, garbage, internet, and laundry, but do not include furnishing.
** Market rates are adjusted with a 14 percent premium to account for new construction (seven percent), access and proximity to convenient transportation options to campus (three percent) and academic and recreation resources and services available in campus housing (four percent).*

Regents Policy 5402

The Project will comply with Regents Policy 5402: Policy Generally Prohibiting Contracting for Services and Article 5 of the Collective Bargaining Agreement (CBA) with two American Federation of State, County and Municipal Employees (AFSCME) bargaining units that included, among other provisions, restrictions on contracting out for services customarily performed by bargaining unit employees.

Project Schedule

The campus intends to request approval of Project design and a minor amendment to the 2004 University Village Master Plan, following action pursuant to the California Environmental Quality Act, in the summer of 2021. Approval of business terms will follow in early 2022.

Construction will commence in summer 2022 and be completed in summer 2024, with occupancy expected that fall.

Key to Acronyms

ACC	American Campus Communities
P3	Public-Private Partnership
RCNR	Rausser College of Natural Resources
SF	Square Feet

Attachments

Attachment 1:	Master Plan Amendment Figure
Attachment 2:	Project Location Map
Attachment 3:	Project Site Location
Attachment 4:	Project Site Plan
Attachment 5:	Alternatives Considered

ATTACHMENT 1

MASTER PLAN AMENDMENT FIGURE

Existing 2004 Master Plan Land Use

Proposed Master Plan Land Use

ATTACHMENT 2

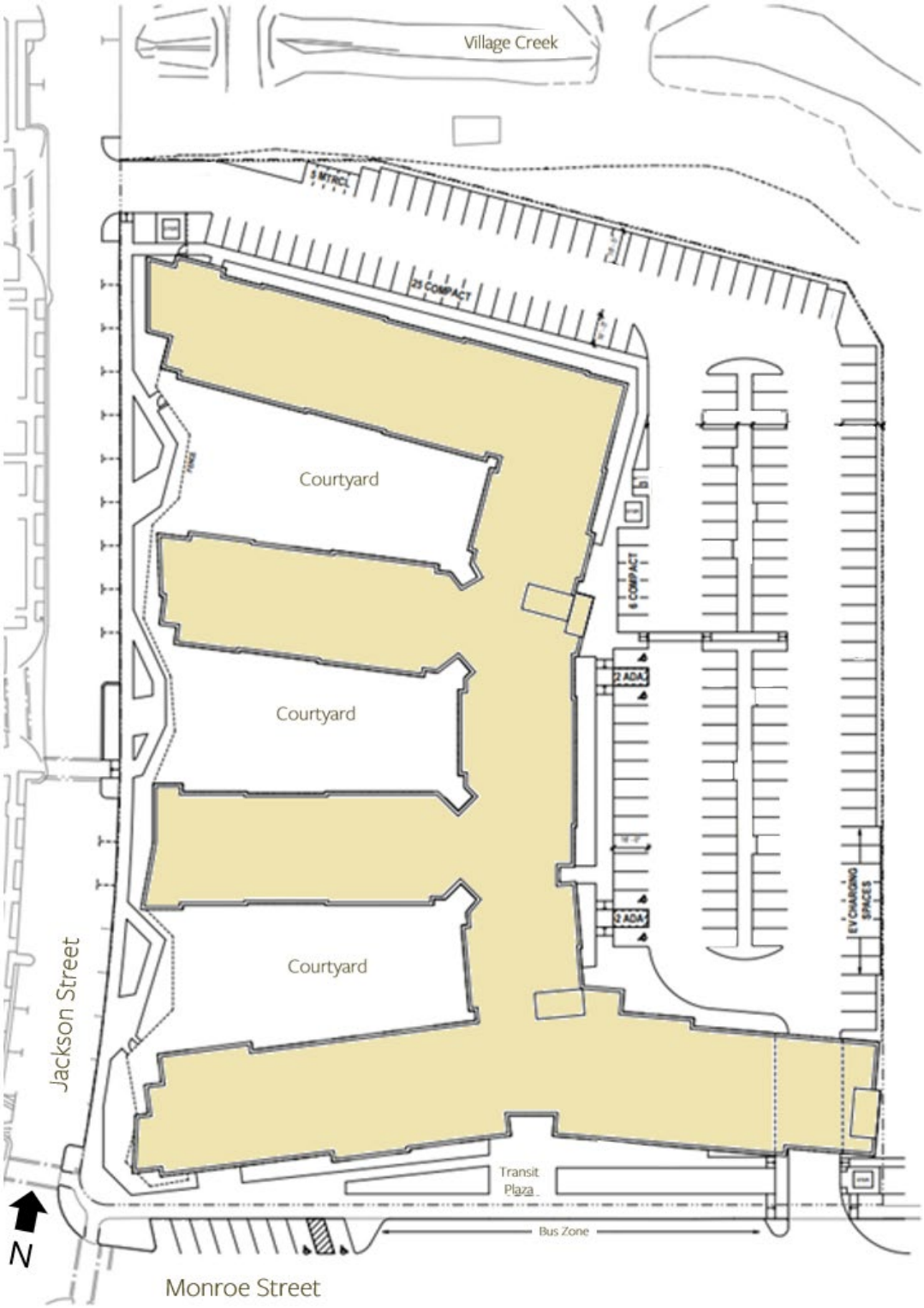
PROJECT LOCATION MAP

ATTACHMENT 3

PROJECT SITE

ATTACHMENT 4

PROJECT SITE PLAN



ATTACHMENT 5

ALTERNATIVES CONSIDERED

The following alternatives were considered for Albany Village Graduate Student Housing:

- Option 1 – Build on Other Housing Sites
- Option 2 – Campus would construct and manage the Project
- Option 3 – Utilize Public Private Partnership (P3) delivery model

Option 1 – Build on Other Housing Sites

In order to achieve goals related to providing new student housing, one alternative would be to develop projects on other campus sites. The campus housing task force identified nine Regents-owned sites for potential housing development, and these options could be considered as alternatives to building on the Albany Village Graduate Student Housing site. However, in order to meet campus goals for housing of nearly 9,000 new beds, construction on all sites will likely be necessary.

Option 2 – Campus would construct and manage the Project

Campus-delivered construction would be more expensive than delivery through a P3 partner. Furthermore, the campus is already pursuing campus-developed student housing at other sites and its limited debt capacity requires the campus to prioritize other projects for campus development.

Option 3 – Utilize Public Private Partnership (P3) delivery model

A P3 delivery of the project would limit the upfront capital needed by the campus, quickly and efficiently deliver housing in a fiscally constrained environment, and result in positive cash flows to the campus through ground rent. The off-campus location reduces the need for campus involvement (for example, relative to construction management and mitigating impacts on other campus uses) and makes it a good candidate for P3 delivery.