

Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of November 18, 2014

APPROVAL OF PRELIMINARY PLANS FUNDING, GRADUATE AND PROFESSIONAL STUDENT HOUSING – EAST CAMPUS, SAN DIEGO CAMPUS

EXECUTIVE SUMMARY

The proposed Graduate and Professional Student Housing – East Campus project would be to add approximately 1,000 net new housing units of varying sizes to the campus inventory. The project would also provide associated parking and amenities.

Demand for on-campus housing at the San Diego campus is strong as a result of the shortage of reasonably priced rentals in the surrounding community and the desire for students to be located close to campus amenities. During the 2013-14 academic year, approximately 2,900 graduate, professional and students with families submitted applications for housing; however, with units occupied with previous year's commitments, only about 540 new applicants could be accommodated.

The proposed project would help support goals identified in the UC San Diego Strategic Plan, which includes growth of a high-quality, cost-effective, and diverse graduate program. The campus has determined that offering a two-year front-end housing guarantee to graduate and professional students would aid in recruitment and retention of these students; however, because of demand, guaranteed housing cannot be offered at this time. With the campus planning to increase the number of graduate students admitted, the current demand for housing is expected to increase substantially over the next few years. The proposed project would also allow the campus to make progress towards housing 50 percent of eligible students in campus-owned facilities, as set forth in the 2004 Long Range Development Plan (LRDP).

The total project budget is currently estimated to be approximately \$208.6 million. The Regents are being asked to approve preliminary plans funding in the amount of \$4,871,000 to be funded by UC San Diego Housing Auxiliary Reserves. Approval of full budget and the associated external financing will be requested in a subsequent Regents' action.

RECOMMENDATION

The President of the University recommends that the Committee on Grounds and Buildings recommend to the Regents that the 2014-15 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Graduate and Professional Student Housing – East Campus – preliminary plans – \$4,871,000 to be funded from to UC San Diego Housing Auxiliary Reserves.

BACKGROUND

Affordable on-campus housing aids in recruitment and retention of students. It also expands opportunities to fully integrate students into the academic and social life of the campus. This is particularly important for new students; however, an increasing number of continuing students want to live on campus as well. Part of the attraction of on-campus, University-owned housing is the community setting that is provided by living on campus, adjacent to the academic, research, clinical, and recreation facilities that are available within walking distance of most on-campus housing. By living on campus, students are able to get around campus without a personal car – by foot, bicycle, and campus shuttles. Off-campus options are few and those that are available and financially feasible are a significant distance from campus.

A primary objective of UC San Diego Housing, Dining, and Hospitality (HDH) is to assess and address current “over demand” from every customer group. The next phase of the HDH capital plan is to provide net new housing for single graduate and professional students, and students with dependents. This strategy would address the goals of the LRDP, support recruitment and retention of graduate and professional students, and provide opportunities for redevelopment and reallocation of some existing housing to meet other housing needs (such as single undergraduate students and faculty for-rent transitional housing).

PROJECT DRIVERS

Demand

Between July 2013 and June 2014, approximately 2,900 graduate, professional, and students with families submitted applications for housing; however, with units occupied with previous year’s commitments only about 540 new applicants could be accommodated. There are currently over 1,400 graduate and professional students on the wait list for housing, representing an all-time record demand for these facilities. With one of the strategic goals of the campus being to increase the number of graduate students, the current demand and wait list are expected to increase substantially over the next few years. Although the campus is unable to meet current demand, it is estimated that the earliest new housing could be brought on line is 2017-18.

The high demand can be partially attributed to the current housing market in the San Diego region. The campus is located in La Jolla, an affluent area, where housing costs are extremely

high and rents are among the highest in the county. For example, the market rate for two students leasing a two-bedroom, one-bath apartment in the University City area surrounding the campus averages over \$800 per student per month. This is significantly higher than the on-campus rate of about \$480 to \$590 per student per month for two students sharing an on-campus unit. In addition, availability is quite limited. The apartment vacancy rate in the San Diego area is at a 12-year-record low of 2.8 percent (down nearly a full percentage point from the prior year) based on the *San Diego County Apartment Association Vacancy Rent Survey*, June 2014. Furthermore, the trend in recent years towards condo-conversion in the area has reduced the number of available rental units close to campus. As a result, students living off-campus are commuting farther from campus in order to find affordable housing.

As mentioned above, the high demand can also be attributed to students' desire to live on campus, where amenities and social interaction are valuable to the educational experience.

Long Range Development Plan

The housing goal of UC San Diego, as stated in its LRDP, is to provide housing for 50 percent of eligible students (including graduate and professional students) in campus-owned facilities. The campus' housing supply is currently 2,829 beds short of meeting the LRDP goal. In some cases (primarily for undergraduate students), the campus has had to utilize housing facilities in excess of design capacity to address student demand. Even with this practice, the campus still is unable to meet the housing goal of the LRDP or to provide housing to all of those who are interested. With no additional housing, the deficit is expected to dramatically increase, with only 38 percent of all students housed in 2017-18.

Although the LRDP goal is based on combined campus enrollment, the campus also reviews the breakdown for each population. As shown in Table 1, current housing can only accommodate 2,484 graduate and professional students, falling short of the 2,635 students that represent 50 percent of their enrollment for fall 2013 – a gap that will continue to grow if new housing does not become available. These numbers do not account for additional demand for on-campus housing by students with dependents.

Table 1
UC San Diego Graduate & Professional Student Housing Supply and 2004 LRDP Goal

	Actual 2013-2014	Projected 2017-2018
Graduate Enrollment ^(A, B)	5,270	6,045
Graduate Housing Needed to Meet Minimum Goal (50%)	2,635	3,023
Graduate Housing Available ^(C)	2,484	2,484
Total Deficit in Beds to Reach LRDP Goal (50%) ^(D)	(151)	(539)
<p>^(A) Enrollment for 2013-14 reflects actual headcount for students in fall 2013, excluding medical and pharmacy residents and self-supporting programs.</p> <p>^(B) For planning purposes, enrollment for 2017-18 reflects projected three-quarter average FTE as proposed in the <i>UC San Diego 2013-14 to 2020-21 Long Range Enrollment Plan</i> (submitted to UCOP June 2013).</p> <p>^(C) Housing capacity represents current inventory as designed (excluding La Jolla del Sol).</p> <p>^(D) Deficit in beds only reflects shortage in meeting LRDP Goal and does not take into account number of beds needed in order to provide two-year housing guarantee.</p>		

With the campus unable to offer guaranteed housing to all graduate and professional students, competitive recruitment has become more difficult. Housing availability is a significant factor in these students' consideration of the academic institution they attend. Given anticipated continued enrollment growth consistent with the campus' Strategic Plan and LRDP, the campus must address the urgent need for more housing to support graduate and professional students, and students with dependents.

Also, housing a greater number of students on campus is an integral feature of UC San Diego's Transportation Management Strategy and supports a major component of the campus' Climate Action Plan. Housing more students on campus and eliminating their daily commutes reduces the impact of single occupant vehicles on the regional roadway network and local streets, improves air quality, and further reduces the University's carbon footprint. In addition, living on campus encourages student participation in the development of sustainable living environments.

Two-Year Front-End Guarantee to All Incoming Graduate and Professional Students

The campus is currently not able to guarantee housing to interested graduate and professional students. Effective October 2008, a change was made in housing policy which placed a two-year limit on campus housing for all new single graduate and professional students, and couples without children. Students with children who have been able to secure campus housing have no limit as long as they maintain student status. Previous to 2008, once the students secured campus housing, they were permitted to stay throughout the duration of their studies, which allowed them to settle in and not have to worry about moving before completion of their degree work. Unfortunately, UC San Diego is not able to provide guaranteed housing to graduate and professional students at this time, which makes competitive recruitment even more difficult.

In response to the campus' Graduate and Professional Student Experience and Satisfaction Committee Report, increasing demand for on-campus housing from students, and at the direction of academic administration, the campus established a goal to offer all incoming single graduate and professional students a two-year front-end guarantee of on-campus housing. But, in order to accommodate all first and second year graduate and professional students in fall 2013, the campus would have needed to provide housing to almost 3,800 students – significantly more than the 2,484 students currently accommodated. This does not take into account additional demand for housing generated by students with dependents. The shortage of beds prevents the campus from providing housing to those students who want to live on campus for the duration of their degree work. Until more housing is made available, the campus will be unable to achieve its goal of offering a two-year front-end guarantee to all interested students.

Housing Stock

Developing additional housing units would help diversify the types of housing offered to meet the various needs and desires of the graduate and professional student community. Currently, two-bedroom units comprise almost 90 percent of the inventory for this constituency, which requires single students to have a roommate. Although there are financial and social advantages to having a roommate, there is also a strong desire for many single graduate and professional students who are older and have more life experience to reside in single-occupancy units.

In addition to providing an increased supply of units for single graduate and professional students, and students with families, additional units would provide opportunities for reallocation of existing housing units and for accommodating transitional faculty and staff on a short-term basis as needed.

PROJECT DESCRIPTION

The proposed Graduate and Professional Student Housing – East Campus project is expected to include new construction of approximately 850 micro-units (similar to studios) and approximately 230 one-, two-, and three-bedroom traditional apartments, adding approximately 1,000 net new housing units to the campus-operated inventory and a minimum of 1,000 new beds. The overall development plan would be comprised residential and shared spaces such as laundry facilities, fitness and common areas, and a small amount of retail space. The project would provide adequate parking, which is anticipated to be provided as a combination of surface and structured.

The project site is located in the North Mesa Housing area, which is currently comprised of 32 buildings constructed in 1968 with 256 individual two-bedroom apartments, and two small buildings for centralized laundry service. These low-density, two-story, wood-framed structures are spread over 36 acres with an abundance of underutilized open space throughout. The proposed project would be the first phase of the campus' plans to redevelop this low-density housing and would require demolition of eleven of the existing buildings (88 units).

Continued redevelopment of this residential community would include associated amenities and connections to existing housing, clinical, academic and research enterprises, and regional transportation projects that will intersect with campus, such as the Gilman Bridge and San Diego Light Rail Transit. This project and future phases are anticipated to enrich the living experience and support a sense of community and belonging that a typical residential community or neighborhood in San Diego provides.

Approval Request and Schedule

The requested preliminary plans funding of \$4,871,000 would enable the campus to complete master planning of the full redevelopment site, and confirm and refine the scope of work through detailed programming, preliminary design, and project cost estimating by utilizing services of the selected design-build project delivery team prior to submitting the project for full budget and financing approval by the Regents. The funding would support site surveys, specialty consultants, selection of a design-build team through the competitive process, preparation of environmental documentation pursuant to the California Environmental Quality Act, and master planning of the redevelopment site.

The campus intends to request approval of full budget and financing for the project in spring 2015, and approval of design and certification of the Environmental Impact Report in early 2016. Following these approvals, it is estimated that construction would commence in early 2016, with the goal of completing a significant portion of the new housing by fall 2017 – the earliest that new housing could be brought on line.

Funding Plan

The total project budget for preliminary plans, working drawings, construction, and moveable equipment is currently estimated to be approximately \$208.6 million. The project is intended to be funded with external financing and UC San Diego Housing Auxiliary Reserves.

The estimated cost for programming and design through the Preliminary Plans phase is \$4,871,000, to be funded with UC San Diego Housing Auxiliary Reserves.

Key to Acronyms

HDH	Housing, Dining, and Hospitality
LRDP	Long Range Development Plan
PPP	Public Private Partnership

ATTACHMENTS (below):

- Attachment 1: Preliminary Plans Budget
- Attachment 2: Project Delivery Model
- Attachment 3: Project Location Map

PRELIMINARY PLANS BUDGET

Category	Amount
A/E Fees ¹	\$2,800,000
Campus Administration ²	\$678,000
Surveys, Tests, Plans ³	\$385,000
Special Items ⁴	\$1,008,000
Total Preliminary Plans Budget	\$4,871,000

¹ Includes master architect for design-build programming, design-build competition, and selection process

² Campus project management, planning, engineering and design review, and contracts administration

³ Includes site surveys including soils, geologic borings and trenching, and design phase testing

⁴ Includes design-build competition stipend, specialty consultants, CEQA documentation, and peer reviews

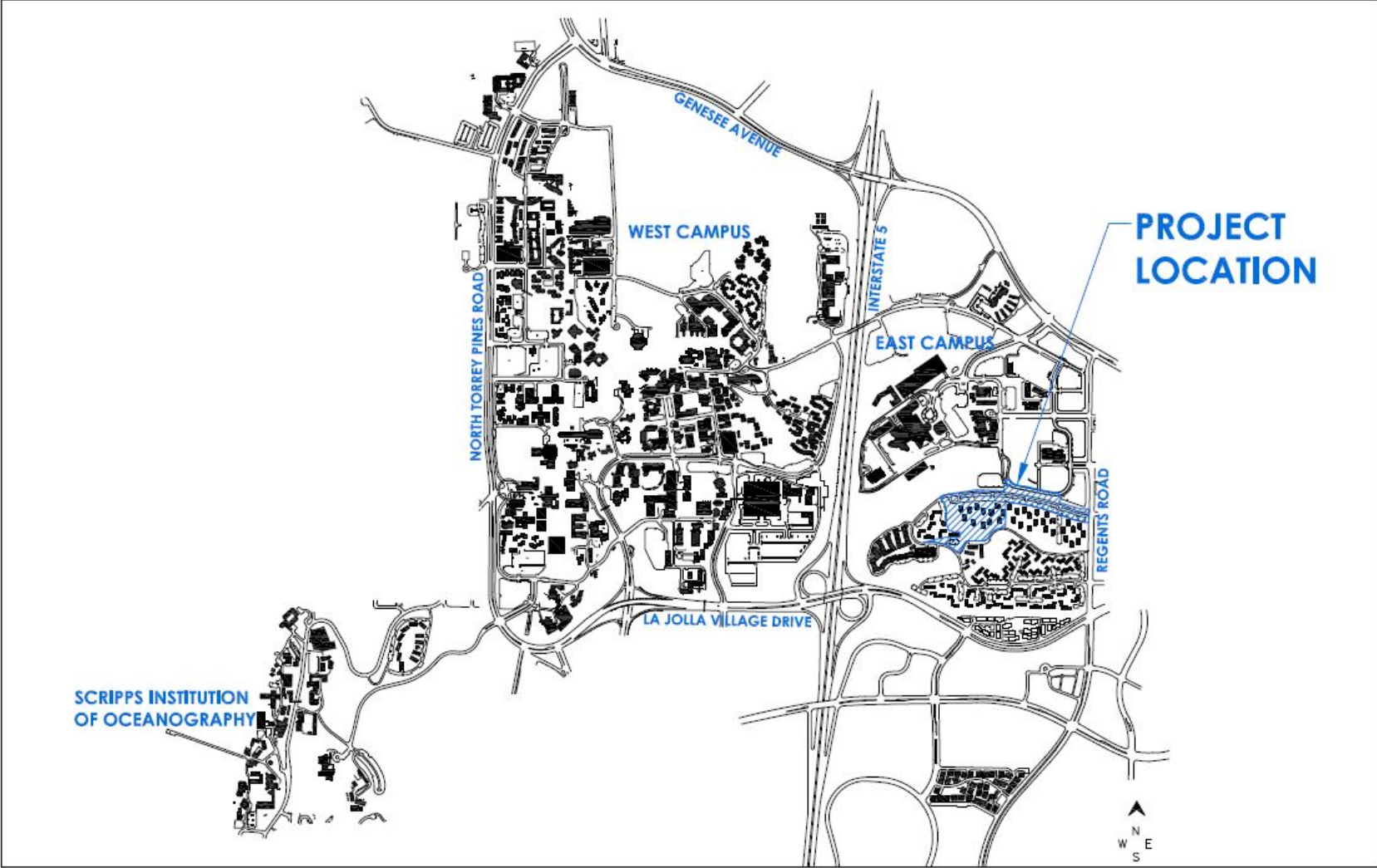
PROJECT DELIVERY MODEL

The San Diego campus evaluates alternative delivery models for all new capital projects, including their potential as Public Private Partnerships (PPPs).

The project sites available and considered for construction of new housing have deed restrictions. Specifically, the preferred site location is within a parcel deeded to the University by the Federal Government in 1966. This parcel is subject to use for educational purposes, the violation of which would result in the reversion of land and improvements for no consideration to the Federal Government. (Other potential sites for construction of new housing have similar deed restrictions from the Federal Government or City of San Diego.)

Although permission for third-party housing development could be requested from the Secretary of the Navy, such a process would take a considerable amount of time with no guarantee of a positive response. The campus would want assurance of approval before proceeding with this alternative delivery method, which would delay the project significantly beyond when a University-delivered project could be completed.

Additionally, it is estimated that an additional ten months could be added to the project schedule by pursuing a PPP Turnkey approach, because of the negotiation of building standards, cost provisions, and contract processing. Not only would this approach delay occupancy of the new housing, but the anticipated escalation costs associated with a longer schedule would have a negative impact on the campus' housing rates and financial feasibility of the project. A PPP Developed and Managed Housing approach could take even longer, and also hinder opportunities for integrating the new housing with the existing residences and amenities of the existing housing community.



GRADUATE & PROFESSIONAL STUDENT HOUSING - EAST CAMPUS
UNIVERSITY OF CALIFORNIA, SAN DIEGO
PROJECT LOCATION