

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

DISCUSSION ITEM

For Meeting of September 18, 2019

HILGARD FACULTY HOUSING, LOS ANGELES CAMPUS

EXECUTIVE SUMMARY

The University of California, Los Angeles desires to offer conveniently located, competitively priced faculty rental housing to faculty candidates as part of recruitment and retention efforts in support of excellence in its academic programs.

The proposed Hilgard Faculty Housing project would construct approximately 75 to 100 apartment-style units with associated parking to expand the current campus inventory of faculty rental housing. The project would be located on a vacant parcel of land in the Westwood Village neighborhood adjacent to the campus. The parcel was acquired by the University in August 2018.

The proposed project would represent a significant net increase in the number of faculty housing units proximate to campus and offered at below-market pricing. Additional inventory would ease the gap between demand and supply and the ability to offer housing supports campus departments' recruitment and retention efforts.

The campus plans to utilize design-build as the project delivery method, with selection of the design-build entity in early 2020. Construction is anticipated to begin in summer 2020, with delivery of the project by fall 2022.

The campus expects to return to the Regents for approval of preliminary plans funding and intends to release a request for proposals in November 2019. Preliminary plans funding would support program and scope refinement, preliminary design, project cost estimating, environmental analysis, the selection process for a pre-qualified design-build team, and project activities through design development. Following the planning phase, the project would be submitted to the Regents for approval of full budget, financing, and design, anticipated in early 2020.

BACKGROUND

UCLA currently maintains 189 units of campus faculty housing, ranging from studios, one-, two-, and three-bedroom apartments and condominiums, to three- and four-bedroom single family homes, available at a variety of lease terms at below-market pricing. The ability to offer attractive, safe, and affordable housing within walking distance of campus is important to prospective faculty and their families.

UCLA faculty housing is currently offered in Westwood Village, a neighborhood close to the main campus, with easy access to grocery, retail, services, parks, and cultural venues. Campus shuttles provide direct service between the neighborhood in which the proposed project is located and the main campus at regular intervals throughout the day. The neighborhood also has access to public transit (bus and future rail) to connect residents to the broader metropolitan area.

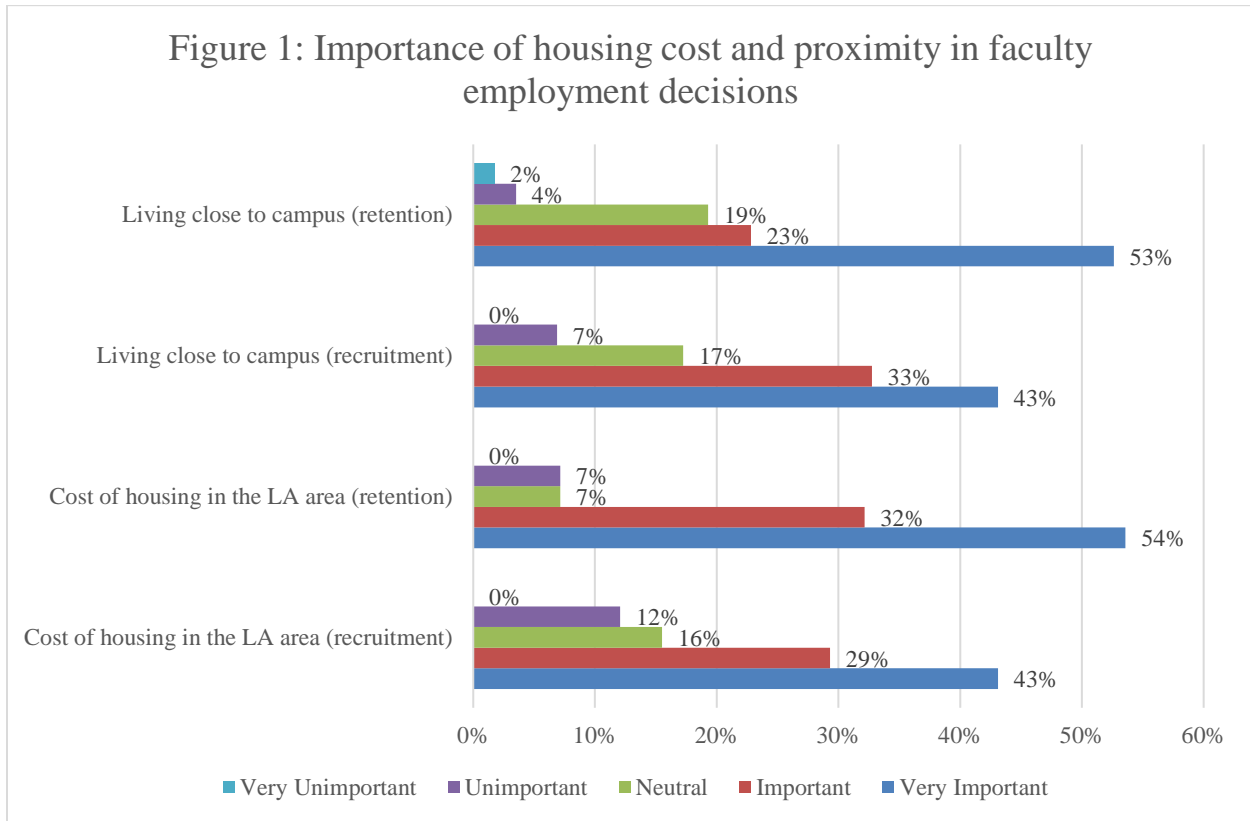
The purpose of providing faculty housing is to support recruitment and retention of outstanding faculty by providing high-quality, below-market-priced housing for faculty and their families in close proximity to campus. Demand for faculty housing is consistently high and exceeds the available supply, with a waitlist ranging from about 100 to 150 faculty every year.

PROJECT DRIVERS

The drivers for the Hilgard Faculty Housing project are:

Support of Faculty Recruitment and Retention

A campus task force was convened in 2018 to determine the most critical needs of current and new faculty, and how to better retain and recruit high-value candidates. The task force concluded that increasing proximate and affordable housing inventory for faculty was the highest priority to support recruitment and retention efforts. A survey of UCLA faculty conducted in September 2018 found that housing cost and proximity to campus were rated as very important or important factors for a majority of respondents in their decision to accept or continue employment at UCLA (Figure 1).



Further, 91 percent thought that increased availability of these units would enhance recruitment and retention efforts, and 77 percent indicated interest in moving into these units themselves.

Market rental rates in the Westwood area adjacent to UCLA (and where campus faculty housing is located) are among the highest in the United States. A September 2018 article in the *Los Angeles Times* noted that the 90024 zip code, which includes Westwood, had the third-highest average apartment rental rate (\$4,883), exceeded only by zip codes in Manhattan.¹

UCLA currently maintains 189 units of faculty housing ranging from small studio apartments, to three-bedroom apartments, to well-appointed condominiums and single family homes, to provide a range of options accommodating varying housing needs and budgets. UCLA faculty housing is offered at significantly lower than market rental rates: in 2018-19, rents ranged up to 39 percent below market.² For example, in 2018, Faculty Wilkins Apartments, an existing faculty housing development comparable to the proposed project, offered rental rates ranging from \$2,159 per month for a one-bedroom unit to \$2,925 for a two-bedroom unit – 28 percent and 35 percent below market rental rates, respectively. Likewise, the campus aims to offer the proposed new units at below-market rental rates when compared to other available rental housing in the area.

¹ Flemming, J. (2018, September 28). Westwood is California's priciest spot for renters, report says. Retrieved July 5, 2019, from <https://www.latimes.com/business/real-estate/hot-property/la-fi-hp-expensive-rent-westwood-20180929-story.html>

² CBRE, Market Rent Summary (January 8, 2019).

Increasing the available inventory of faculty housing would support the academic mission of UCLA by improving the campus's ability to recruit and retain top faculty, whose career decisions are often influenced by availability of reasonably priced housing in close proximity to the campus.

PROJECT DESCRIPTION

The proposed project is anticipated to construct approximately 75 to 100 apartment-style units of faculty housing. The units would be delivered in a complex, likely a terraced structure with a maximum height of 78 feet (consistent with restrictions within the property deed of purchase). The project would also provide limited parking for residents on site. In addition to construction of housing, parking, and related support functions, the scope of work would include grading, site preparation, utilities and infrastructure, and landscape and hardscape improvements.

Multiple conceptual options for massing and building configuration are under development as part of the programming phase. The campus seeks to maximize unit density while meeting expected quality standards for faculty housing, and giving due consideration to the architectural context of the immediate neighborhood. Most of the units will likely be two-bedroom, two-bath units, each with kitchen and living area. This unit type aligns with preferences gathered by the September 2018 faculty survey as well as preferences stated by faculty on the housing waitlist. The specific massing, number of units, unit size, and mix of unit types will be refined as programming and design progress.

Proposed Site

The proposed site is a vacant parcel of land measuring approximately 25,700 square feet, located northeast of the intersection of Hilgard Avenue and Lindbrook Drive, in the neighborhood adjacent to the UCLA campus known as Westwood Village. The parcel was purchased by the University for \$13 million in August 2018. The surrounding neighborhood consists of single- and multi-family residential buildings and commercial buildings, of varying heights and densities.

Project Delivery Model

The campus has selected a progressive design-build delivery method. Under this scenario, three pre-qualified design-build teams would be short-listed and invited to participate in a design and collaboration exercise. The competitive nature of this approach has shown that the teams strive not only to meet the program requirements, but are incentivized through a point system evaluation to provide best-value design in a competitive bid.

Project Schedule

The campus expects to request approval of preliminary plans funding at the November 2019 Regents meeting. Approval of full budget and external financing would be requested in early 2020, and approval of design following action pursuant to the California Environmental Quality Act would be requested at a future meeting. Completion of construction is anticipated in fall 2022.

Sustainable Practices

The project would comply with the University of California Sustainable Practices Policy. Project sustainability targets and goals include Leadership in Energy and Environmental Design (LEED™) minimum building certification level of Silver, with a target for Gold or Platinum. The project will participate in the Los Angeles Department of Water and Power Savings by Design energy conservation program and will outperform the California Energy Code by 20 percent as required by UC Policy.

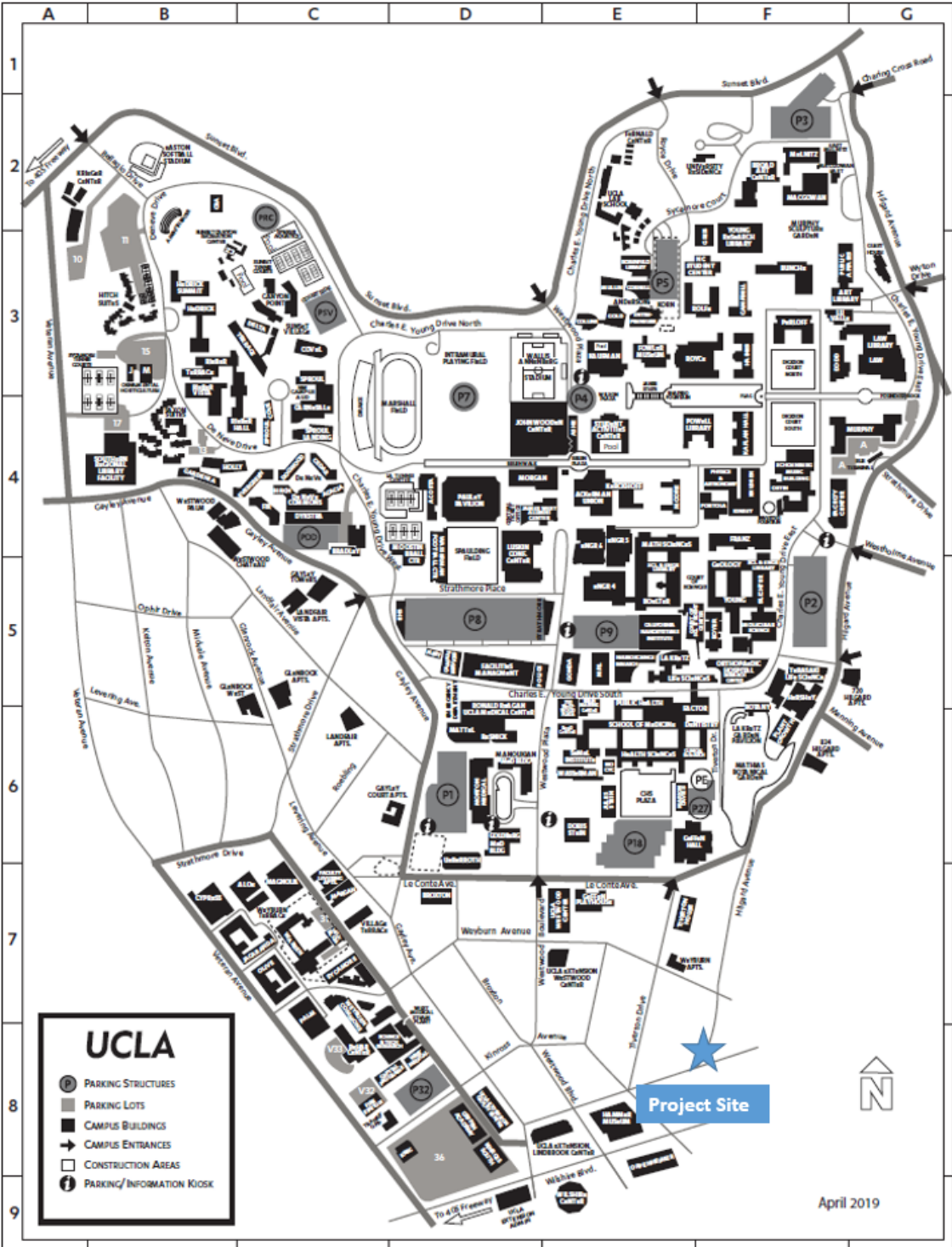
KEY TO ACRONYMS

GSF	Gross Square Foot
LEED	Leadership in Energy and Environmental Design

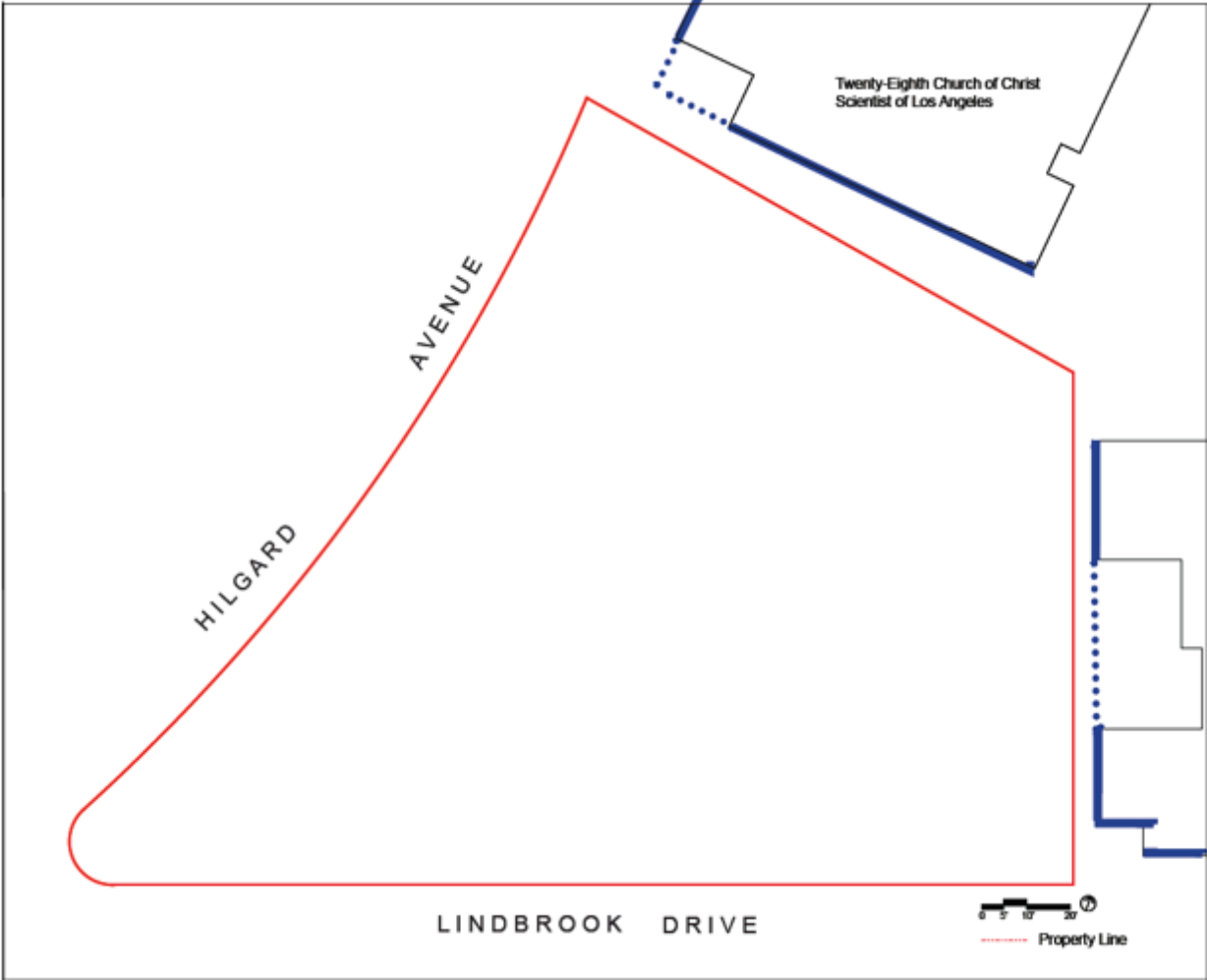
ATTACHMENTS

Attachment 1:	Site Location
Attachment 2:	Site Plan
Attachment 3:	Alternatives Considered

SITE LOCATION



SITE PLAN



ALTERNATIVES CONSIDERED

The following alternatives were considered as part of the Business Case Analysis for this project:

- 1) No Project: In this alternative, the campus elects to not develop the acquired parcel at Hilgard Avenue for faculty housing. The demand for faculty housing will continue to greatly exceed available inventory and there will be no improvement in support for academic programs seeking to enhance recruitment and retention by offering highly-desired faculty housing.
- 2) Develop As Other Use: The off-campus location and surrounding neighborhood use makes this property less than ideal for academic use as it would be isolated from other academic buildings.

There is other student housing in the area; however, a program to provide several thousand new student beds will be implemented in the next few years. The need for faculty housing was determined as a better use for this property.

- 3) Acquire Existing Developed Properties: In this alternative, the campus identifies existing housing properties for acquisition and use as faculty housing. However, few properties of this size and type are available for purchase.

Existing properties often require some level of renovation to bring the structures into compliance with current code requirements, seismic policy, and campus guidelines. Existing properties also frequently house current tenants who would have to be relocated at campus expense.

- 4) Convert Existing Student Housing: In this alternative, existing student housing would be converted into faculty housing. The 2018 faculty housing task force examined the potential of converting existing graduate student housing possessing the desired characteristics into faculty housing. However, the existing inventory of graduate student housing already does not meet the current demand. There is no excess inventory to convert to faculty housing.
- 5) Develop Acquired Land at Hilgard Avenue (selected alternative): In this alternative, the land acquired in August 2018 would be developed for faculty housing, consistent with the terms of the property deed. The site was vacant when acquired, which lowered the purchase cost, and minimizes costs for site clearance and development. The site is large enough to allow units to be developed to justify the cost of construction and land acquisition, and to meet much of the outstanding demand for faculty housing. The site is also located in Westwood Village, within the desired proximity to campus and amenities. Preliminary financial analysis projects that the campus would be able to offer these units at rates that are affordable compared to similar market-rate housing in the area. Because of these advantages, this alternative is recommended for the project.