

# Advancing the Mission and the Bottom Line

## Faculty, Staff and Graduate Student Housing

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CHARTING  
NEW COURSES

## Introduction

- George Mason University
  - Approximately 32,500 students (Fall 2010)
  - Three campuses located outside of Washington, DC
  - 6,000 undergraduate beds on-campus
- Studley
  - 900 professionals in 30 offices worldwide
  - Served over 100 education institutions
  - Strategic real estate consulting, PPP consulting, capitalization / financing, transactions, development / project management
- Brailsford & Dunlavey
  - 80 professionals located in five offices across the country
  - Worked on over 300 college and university campuses
  - Program management – planning through implementation

## Why Faculty / Staff Housing?

- Recruitment & Retention of Faculty & Staff
- Affordability of Housing in Fairfax, Virginia
- Enhancing offerings of campus
- Cash flow to the University



# Masonvale Development

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	# of Units	Beds	Baths	Square Feet	Rent / Month	Required Household Income
The Patriot A	20	1	1	617	\$1,210	\$44,000
The Patriot B	20	1	1	679	\$1,290	\$47,000
The Gunston A	18	2	1	892	\$1,540	\$56,000
The Gunston B	18	2	1.5	987	\$1,625	\$59,000
The Fairfax	24	2	2	1,038	\$1,750	\$64,000
Potomac (w/out garage)	17	3	2.5	1,469	\$1,980	\$72,000
Potomac	24	3	2.5	1,469	\$2,130	\$77,000
The Belmont	16	3	2.5	1,329	\$2,090	\$76,000
<b>Total</b>	<b>157</b>					

## Masonvale Development

- 157 rental units (stack flats and townhomes)
- Majority of units with garage parking
- Situated on 26 gross acres of land in northeast edge of campus adjacent to low density residential neighborhood
- Community preserves two active streams
- Eligibility governed by priority system



MASONVALE

## Commitment of the University

- Internal resources
- External resources
- Capital required
- Land

“

If anything happened to me at midnight I could knock on any neighbor's door and have a Mason colleague to help me.

”



# Spectrum of Control



# Evaluation of Alternative Special Purpose Entities

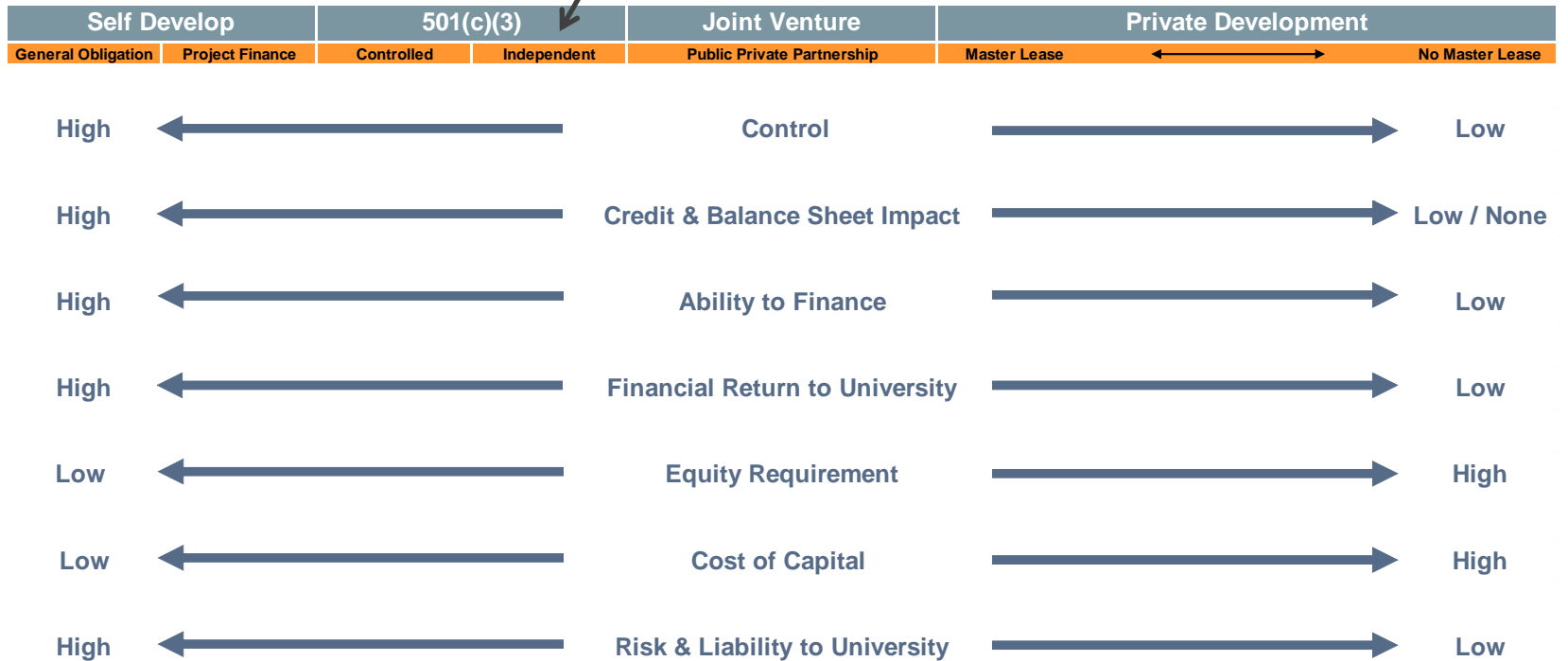
Goals/Criteria	Controlled 501(c)(3)	Independent 501(c)(3)	GMUF LLC	Instru-mentality	University LLC
Create w/o New Legislation	1	1	1	5	5
Minimize Ramp-up Time	3	3	1	5	5
Insulate from Risk/Liability	3	2	1	4	3
Bond Financing Available	2	2	2	1	1
Debt Off Balance sheet	3	2	1	4	4
Avoid IRS Approval	5	5	1	1	1
Avoid Real Property Taxes	3	4	5	1	2
Use Tax Exemption	3	4	5	1	2
Avoid County approvals	5	5	5	1	2
Avoid Procurement Rules	3	2	1	5	4
GMU Control of Revenues	3	4	5	1	1
Insulate GMU from Disputes with Faculty and Staff	3	2	1	4	4

1 = Best Choice; 5 = Worst Choice.



# Spectrum of Control

Mason Housing, Inc.



## Structure

- Newly- Created Nonprofit - Mason Housing Inc.
  - Balance sheet and credit
  - Mason's risk and liability
  - Mason's control of the project
  - Start-up costs, staffing, operating budgets
  - Development process mandates
  - Time required to make the nonprofit operational and in a position to finance the project

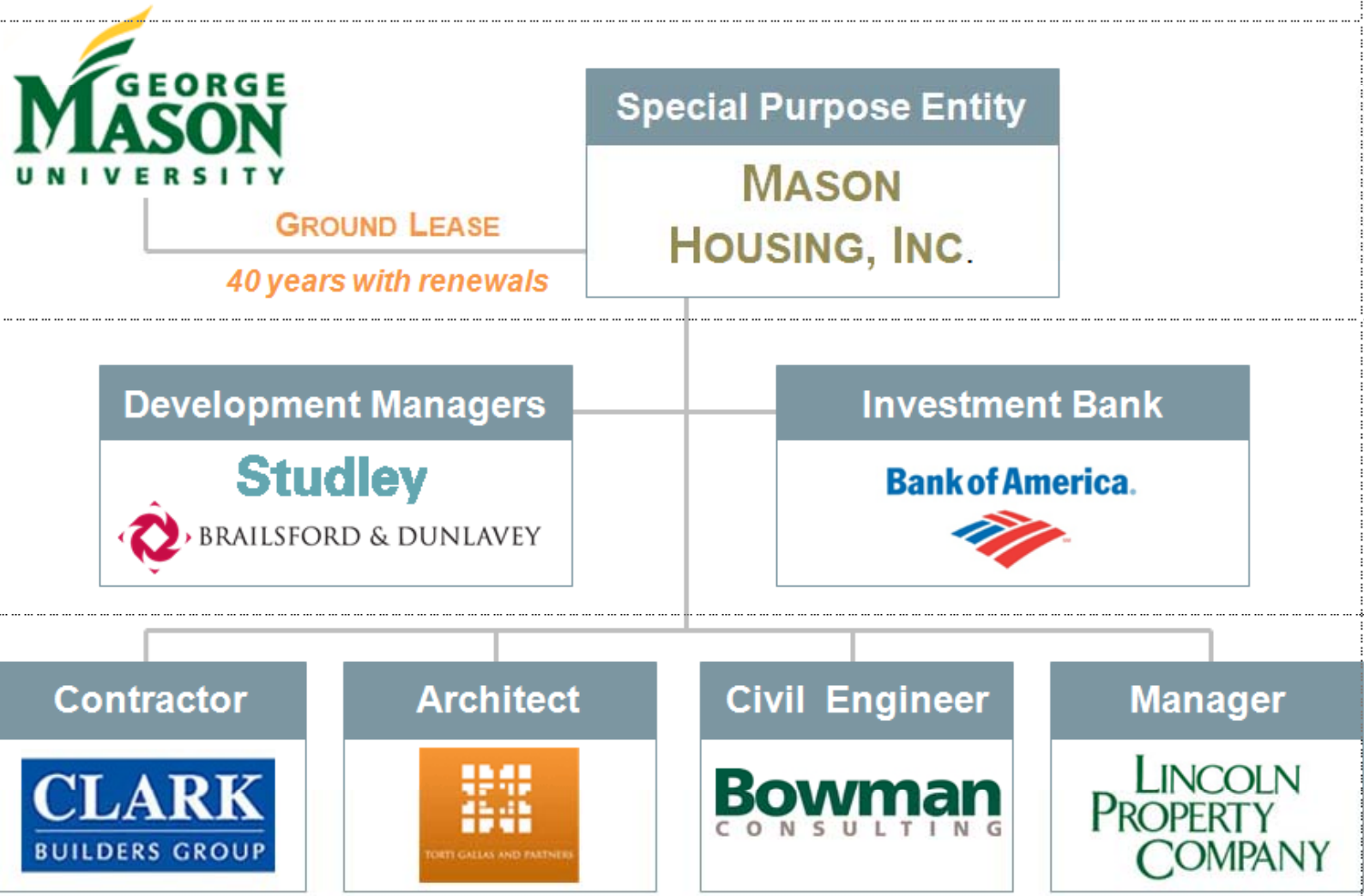


## Mason Housing, Inc.

- Self-perpetuating not-for-profit entity
- MHI is governed by 7 board members
  - 3 University-affiliated class A members appointed by Mason's President
  - 4 independent class B members voted in by existing members
- MHI has an non-university affiliated executive director overseeing day-to-day operations
- Operates independently for the benefit of Mason
  - All excess cash flow after operating expenses, debt service and reserves flows to Mason
- University control exerted through ground lease

# Organizational Structure During Development

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# Organizational Structure After Development

CHARTING  
NEW COURSES



GROUND LEASE  
*40 years with renewals*

Special Purpose Entity

**MASON  
HOUSING, INC.**

Executive Director

3<sup>rd</sup> Party Management

Masonvale Community



## Ground Lease

- Maintains control of critical project components
- Maintains ownership of the land
- Serves as collateral for financing
- Contains priority system and policies & procedures for leasing



## Financing

- Mason Housing, Inc. as borrower
- 100% tax-exempt financing
- No university guarantees
- Ground lease as security

“ The quality is competitive, if not better than other housing in area. ”



## Development Team & Delivery Method

- Program Management
  - Brailsford & Dunlavey
  - Studley, Inc.
  
- Modified Design Build
  - Clark Builders Group
  - Torti Gallas & Partners
  - Bowman Consulting
  
- Advantages of Delivery Method
  - Fast-track delivery
  - Streamlined approval process





# Physical Character

- New urbanist design
- Pedestrian connectivity to campus
- Variety of housing types tailored to market
- Contemporary market-rate amenities and features



MASONVALE



## Conclusions

- The faculty, staff and graduate student end product
- Financial return to the University
- Perception of potential faculty and staff recruits

“Masonvale was definitely a selling point in my taking the position at Mason. It smoothed out my transition.”



## Conclusions

- Currently ~100% leased
- Composition of tenants
  - 28% Faculty
  - 16% Staff
  - 49% Graduate Students
  - 7.0% (departmental leases and affiliated employees)

“The neighborhood composition is neat with young kids, empty nesters and grad students”



## Lessons Learned

- Ramp up / Lease up time
- “Town & Gown” perception (managing)
- Early perspective of management – necessary over time
- Involving HR and department heads in assigning units



## Contact Information

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