



A Comprehensive Approach to Planning Student Housing:

One University's Look at Demolition, Renovation, New Construction and Privatization

By Jeffrey D. Turner, Heidi Kaplan & Carol Thompson

Introduction

In the fall of 1995, San Diego State University (SDSU) decided to take a comprehensive approach to analyzing its on-campus residential program. During that time, occupancy rates were down, buildings were aging quickly, and the University's Foundation was beginning a redevelopment plan which included building student housing. After a competitive bid process, the University elected to hire Brailsford & Dunlavey, a facility planning and project management firm, based out of Washington D.C. to develop a Strategic Study for on-campus housing. The ultimate goal of their analysis was to develop a financially sound residential program for the 21st century that will enhance the university's overall mission and provide an

appropriate living environment in which students can successfully transition and complete college.

This article reviews various housing issues and choices that SDSU has made over the last four years.

Housing Overview

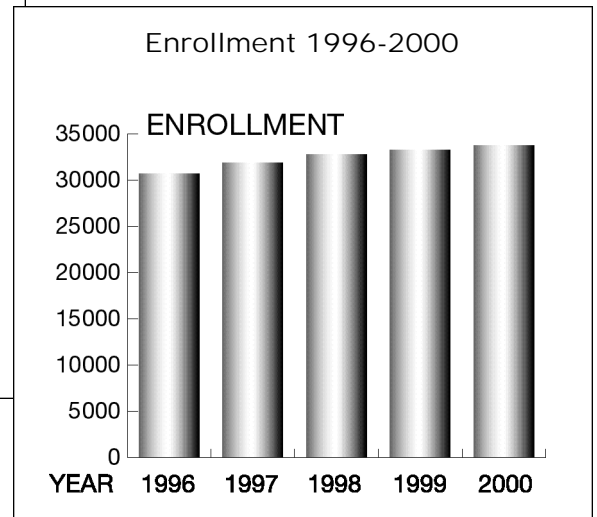
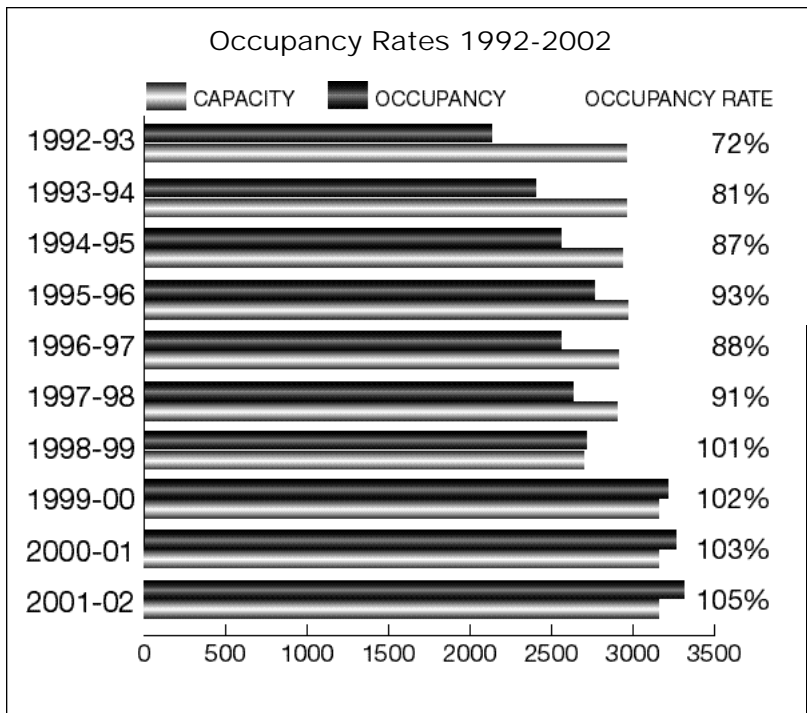
SDSU's Housing and Residential Life Office (HRLO) can accommodate approximately 3,000 of the nearly 30,000 University students. The majority of existing bed spaces are in traditional residence halls ("double-loaded corridors" with shared bathrooms for each floor). Only 360 bed spaces are located in fully equipped apartment style units. Most of the housing is concentrated on the east side of campus near the University's heavy foot-traffic plazas, and two complexes are located on the west side adjacent to the athletics and recreational

facilities and the primary residence hall dining facility.

Demand for On-campus Housing

Today, demand for on-campus housing exceeds the residence hall capacity. In 1998-99, the University had to turn away over 400 students who requested to live on-campus despite converting lounges and study rooms into bedrooms and forgoing the popular "super single" program, which allowed some returning residents to have a single bedroom.

Many changes are occurring at the University, which has positively effected the campus and the demand for on-campus housing. Based on projections by Brailsford & Dunlavey, the demand for on-campus housing is going to increase at SDSU for



the following reasons:

- First, SDSU is experiencing tremendous growth in enrollment that will likely continue as the number of high school graduates in the state of California increases. The California Department of Finance estimates enrollment in the California State University will increase 32% from 1997 to 2007 with undergraduates accounting for nearly nine out of ten students.
- Second, enrollment management and higher academic entrance requirements are attracting a higher quality and quantity of students. In turn, an increasing number of out-of-region students, who require affordable housing on or near campus, are vying for enrollment.
- Third, the University's commitment to enhancing its campus community is making on-campus housing more

attractive than in past years. The University has built a new recreation center, a new state of the art basketball arena and is also planning a new aquatics center and other outdoor fields.

- Finally, finding an affordable and proximate place to live near the SDSU campus is becoming increasingly difficult for students. Off-campus housing is impacted by a thriving economy and the private market currently cannot respond to the increased student demand. Current off-campus occupancy rates are nearly 99%.

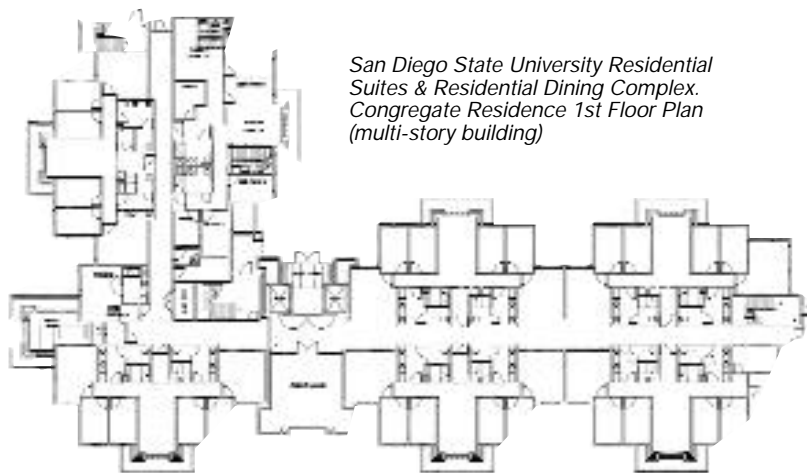
SDSU's Housing Strategic Objectives

In order to meet the student's needs, SDSU is currently proposing a wide variety of housing improvements including renovation, demolition, new construction, and privatization options. The decision to move forward with

each of these projects was driven by research completed by Brailsford & Dunlavey as well as other national consultants.

B&D initiated the long-term strategic plan with the desire to fully understand the University's "destination value" for its on-campus student housing. The destination value methodology focused on understanding the University's mission, values, commitments and responsibilities, and competitive position to frame the project in a strategic framework. In other words, how important is housing to the University's mission? And how can SDSU best utilize housing to meet the modern-day version of education's three R's - recruitment (of new students), retention (of current students), and renewal (of alumni support)?

Determining the destination value



San Diego State University Residential Suites & Residential Dining Complex. Congregate Residence 1st Floor Plan (multi-story building)

required bringing all of the University’s key decision makers and stakeholders together, including students, HRLO staff, the Vice President for Business and Financial Affairs, Vice President for Student Affairs and the Revenue and Reserve Manager for Budget and Planning. The destination value was defined as a plan to enhance the University’s physical environment in terms of marketability, profitability, social mission, and safety. B&D was also charged with analyzing the feasibility of SDSU’s Foundation Redevelopment Plan which included potentially developing thousands of beds near campus. These objectives were figured prominently into the long-range plan for housing improvements.

Renovation

Over the last few years, SDSU has renovated residence halls to improve both the physical and the programmatic attributes of residential life. The recent growth of “special interest” housing, particularly living/learning environments, required renovations to existing structures to allow for additional programming space.

In 1996, SDSU developed a Living Learning Center (LLC) in some of the older residence halls. Improvements were made to the lounges, recreation/television rooms, front desk and bathrooms in the summer of 1997. A sculpture garden fence was also constructed around the east side buildings in the summer of 1998 for security purposes and visual enhancement. The University spent over a million dollars in renovating the residence hall to be able to accommodate the LLC. Residents of the LLC, which doubled in size from 1996-97 to 1997-98 receive academic assistance, mentors, and are put into integrated curriculums during their first semester to help them successfully make the transition to

college life. The University also has a very successful faculty in residence program, which plays a large part in the LLC.

Demolition

Many Universities need to determine when to pull the plug on an antiquated residence hall that has major structural and mechanical problems. Often, Universities are too reactive to maintenance problems, deciding to fix each problem as it arises. Obviously, that type of “Band-Aid” approach to maintenance does not solve the root of the problem. Instead, SDSU took a more comprehensive approach towards one of its aging residential complexes.

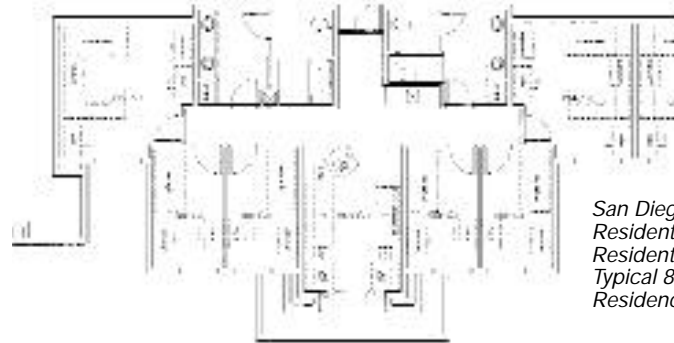
At 40 years old, the 600+ bed Templo del Sol (TDS) residential complex has passed its useful life. TDS suffers from major deferred maintenance costs that put heavy



San Diego State University Residential Suites & Residential Dining Complex Congregate Residence

pressure on the University's maintenance and repair reserves. Studies by outside consultants revealed major mechanical and structural deficiencies and stated that to meet TDS's deferred maintenance needs, it would cost the University in excess of \$22 million. In fact, the report highlighted that to bring the buildings to code, making only health, life safety and ADA improvements would cost \$13 million. This \$13 million does not include the loss of 7% of the total revenue generating beds to accommodate current code and accessibility standards. Some industry experts have suggested that you should never spend more than 75% of what it would cost to replace the beds, on a renovation project. In SDSU's case, the cost would greatly exceed the replacement value.

B&D, utilizing various financial models, was asked to assess the financial impact on the entire housing system of making changes to TDS. After careful financial review of all of the options available, it was decided by the University to avoid spending any additional resources renovating TDS and phase the complex out over the next few years.



*San Diego State University
Residential Suites &
Residential Dining Complex.
Typical 8-Student Congregate
Residence Suite*

New Construction

SDSU decided to construct new housing in order to alleviate the loss of beds from TDS and to meet student demands for a variety of housing types offered. This plan would slightly increase the on-campus housing stock, enhance the range of living options for students, and ultimately generate a high level of profitability for the program. Through market analysis and utilization of their previous study, B&D proposed a plan that would replace TDS with new suite-style beds in a better location.

The market and financial analysis performed by B&D revealed that suite-style units on the east side of campus is SDSU's best option for new housing. First, research has shown that successful penetration of the student housing market is best achieved by providing a wide range of housing options that respond to changing student needs as students mature throughout their college career. Because the University has concentrated on traditional dormitories in the past, suites will offer new options to in living style for students of different ages and

preferences. Apartments would likely be built by the SDSU Foundation.

Second, a survey of SDSU students showed student interest in more private living conditions, reflected in their clear preference for single rooms and "private" bathrooms. Although freshmen share these preferences, they also express a clear interest in the presence of a support structure for academic, social and personal situations throughout their first year at college. Therefore, any new housing development should focus on the provision of apartment and suite style housing for students to progress through the housing system as they mature toward increasingly independent living.

Third, suites are a good option to transition students from dormitory units to independent apartment units. Suites are conducive to community building, as students are encouraged to use public spaces and residential life programs. As programming remains the centerpiece of SDSU housing, this was a key consideration. Suites are desirable to sopho-



SDSU's new Living Learning Center.

mores and upperclassmen and will serve the purpose of keeping students on-campus throughout their four years. And, of utmost importance to the University's Food Service, new suites will provide the opportunity to capture meal plan contracts, which would be lost with the demolition of TDS.

The proposed construction will be exclusively suites housing eight students per unit in 1,700 square foot units that contain a common area, two bathrooms and a micro-kitchen. There is a mix of single and double rooms in the units that include "ideal" amenities for each room including ethernet connection, basic cable, refrigerator/freezer and standard furniture. The building itself is also equipped with laundry facility, outdoor basketball court, lounge/TV room, study room, swimming pool/sundeck/cabana/spa and recreation room/computer room/conference room

Privatization

The addition of the 66 Piedra del Sol apartments being built as part of the SDSU Foundation Redevelopment Plan will also help address the housing crunch. The apartments were financed by the SDSU's Foundation and the 200+ beds will be included in the SDSU housing stock beginning in the fall of 1999.

The Dormitory Revenue Fund, which has been the traditional source for financing for CSU schools, was not involved in the project. Similar financing arrangements have been done at other CSU schools, including San Francisco State and Fresno State. By not using the DRF, the Foundation was able to save significant costs, which might have yielded an unfeasible project. In early 1999, a management contract was signed between the SDSU Foundation and the University, which allows the HRLO to operate and manage the apartments. HRLO receives a percentage of the rental

revenue similar to what a property manager would get; however, HRLO will also provide residential life staff and programming. It is expected that alternative financing approaches such as off-balance sheet, will continue to play an integral role in financing student housing projects in the future.

Conclusion

With many on-campus housing facilities becoming antiquated and not meeting the needs of today's students, it is becoming increasingly important to take a comprehensive look at your entire housing stock. By stepping back to get a clear understanding of your housing program's direction as well as analyzing all of your various development and financing choices, you should be able to keep your system financially healthy, while creating a great living and learning experience for its students. ♦

Authors—

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Mr. Turner has been a guest speaker for NACAS, ACUHO-I, and ACUI at many of their national conferences. Last year, he presented on this same topic with Carol Thompson at a special interest session at NACAS 30th Annual Conference in Anaheim

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