

# The Affordable Student Housing Challenge

COMMUNITY COLLEGES & REGIONALS  
SCUP NORTH CENTRAL ONE-DAY  
THURSDAY, JUNE 13, 2013



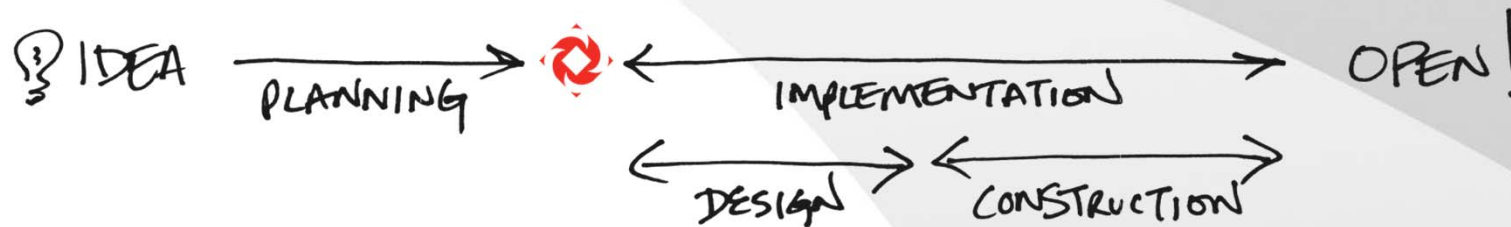
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# INTRODUCTION

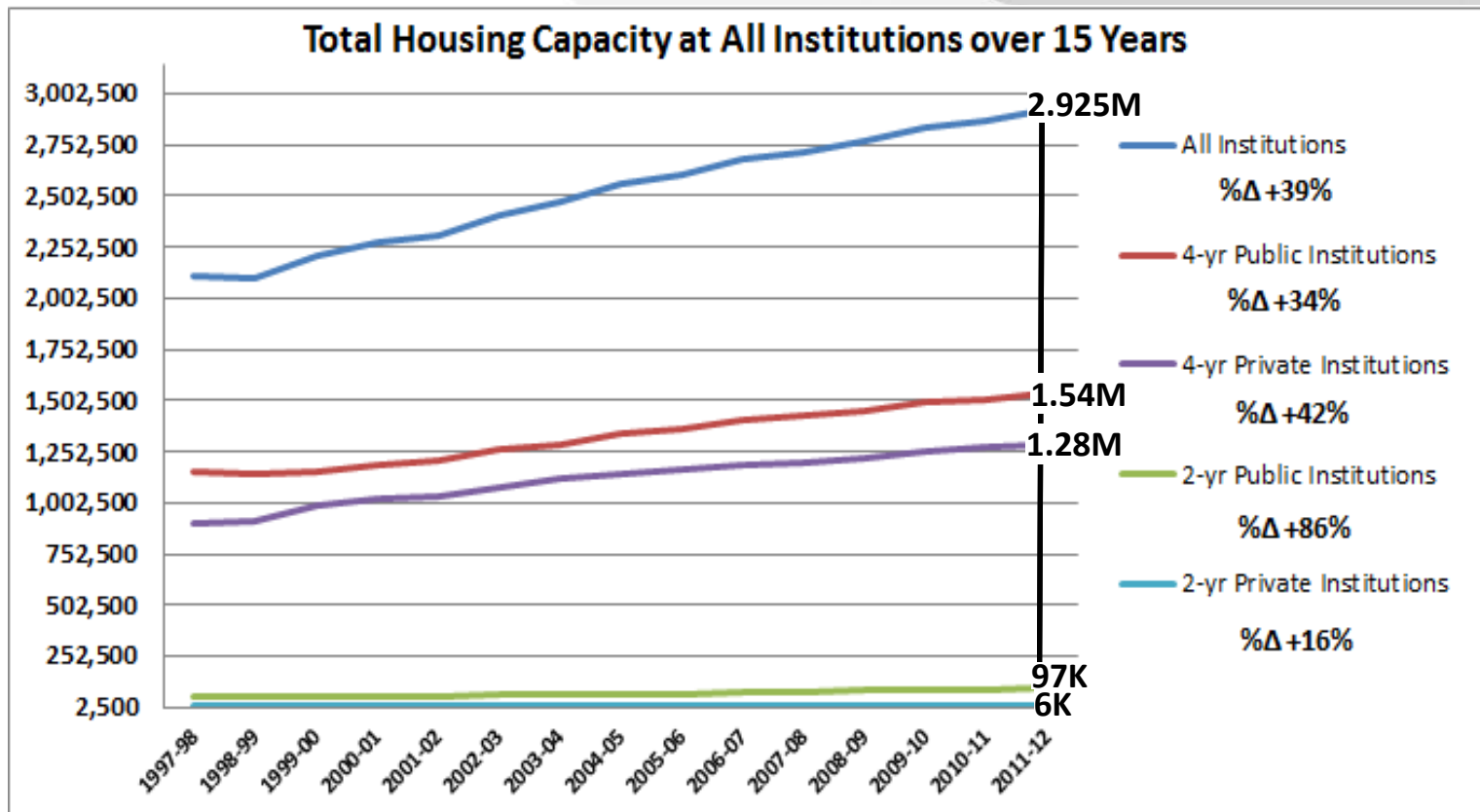
BRAILS FORD & DUNLAVEY



- ◆ Program Management Firm with In-House Planning Capabilities
- ◆ Over 800 Projects at Collegiate Institutions
- ◆ Over 300 Housing Projects
  - ◆ Over 20 Community Colleges

# STUDENT HOUSING

NATIONAL

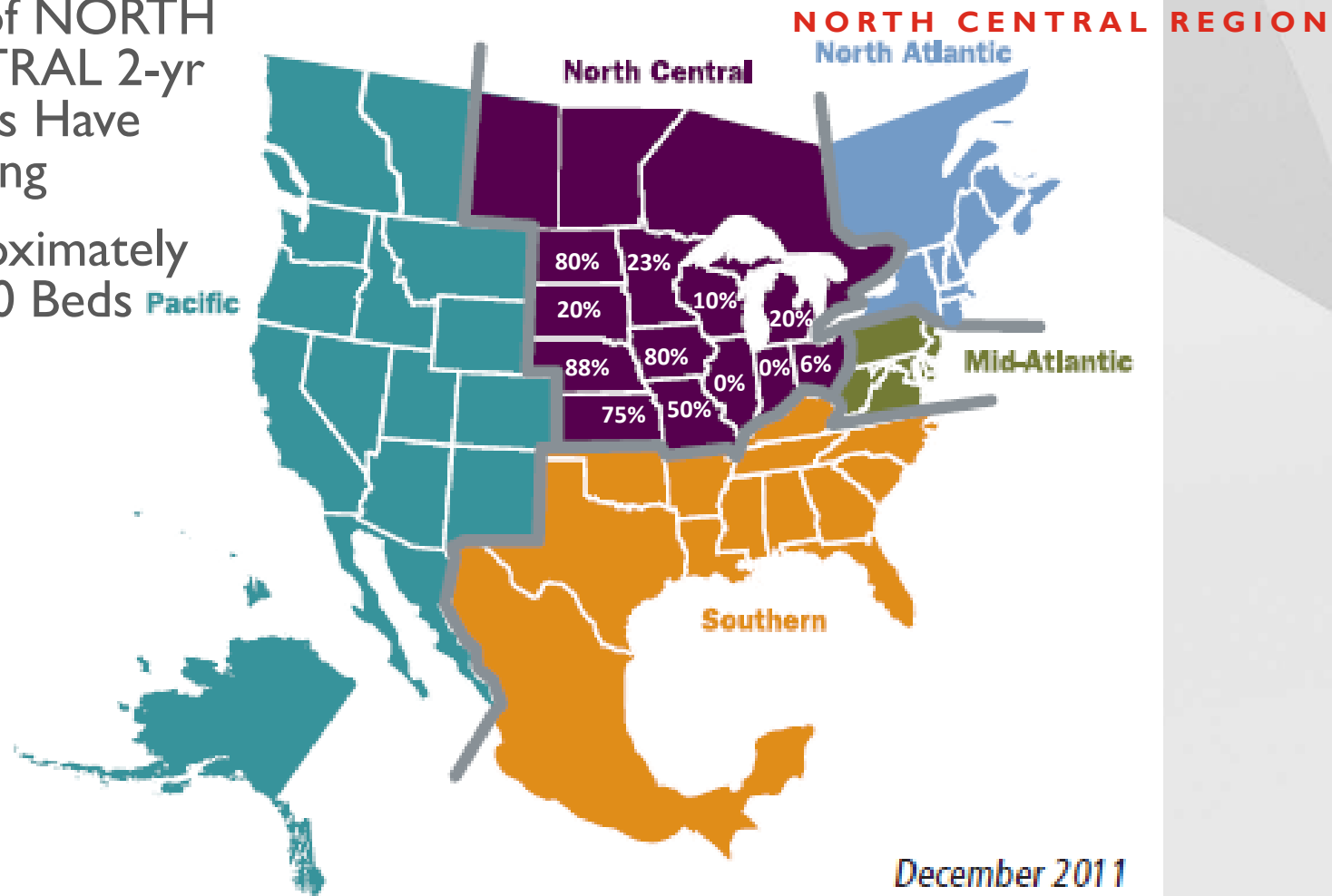


◆ 22% of 2-yr Public Institutions Have Housing

Source: US. Dept of Education, NCES; Integrated Postsecondary Education Data System (IPEDS)

# STUDENT HOUSING

- ◆ 27% of NORTH CENTRAL 2-yr Publics Have Housing
- ◆ Approximately 20,000 Beds



Source: US. Dept of Education, NCES; Integrated Postsecondary Education Data System (IPEDS)

# STUDENT HOUSING

OHIO

## ◆ Ohio Revised Code

### **3354.121 Acquiring auxiliary or education facilities.**

(A)

(1) Each community college district may acquire, by purchase, lease, lease-purchase, lease with option to purchase, or otherwise, construct, equip, furnish, reconstruct, alter, enlarge, remodel, renovate, rehabilitate, improve, maintain, repair, and operate, and lease to or from others, auxiliary facilities or education facilities, except housing and dining facilities, and may pay for the facilities out of available receipts of such district. To pay all or part of the costs of auxiliary facilities or education facilities, **except housing and dining facilities**, and any combination of them, and to refund obligations previously issued for such purpose, each community college district may issue obligations in the manner provided by and subject to the applicable provisions of section [3345.12](#) of the Revised Code.

(2) A community college district that is located within one mile of a four-year private, nonprofit institution of higher education in the state may acquire, by purchase, lease, lease-purchase, lease with option to purchase, or otherwise, construct, equip, furnish, reconstruct, alter, enlarge, remodel, renovate, rehabilitate, improve, maintain, repair, and operate, and lease to or from others, **housing and dining facilities**, and may pay for the facilities out of the available receipts of such district. To pay all or part of the costs of the housing and dining facilities, and to refund obligations previously issued for such purpose, the community college district may issue obligations in the manner provided by and subject to the applicable provisions of section [3345.12](#) of the Revised Code.

# STRATEGIC DRIVERS

WHY HOUSING?

- ◆ Educational Outcomes
  - ◆ Improve Graduation Rates
- ◆ Enrollment Management
  - ◆ Retention
  - ◆ Recruitment
    - International
    - Athletes
    - Non-county residents
    - Students desiring residential experience
- ◆ Campus Community
  - ◆ Student Development and Campus Activities
  - ◆ Increase Usage of Facilities
- ◆ Financial Performance
- ◆ Manage Parking



# PLANNING





# PLANNING

## MARKET DEMAND

- ◆ Demographics
- ◆ Focus Groups
- ◆ Off-Campus
- ◆ Benchmarking
- ◆ Survey
- ◆ Demand





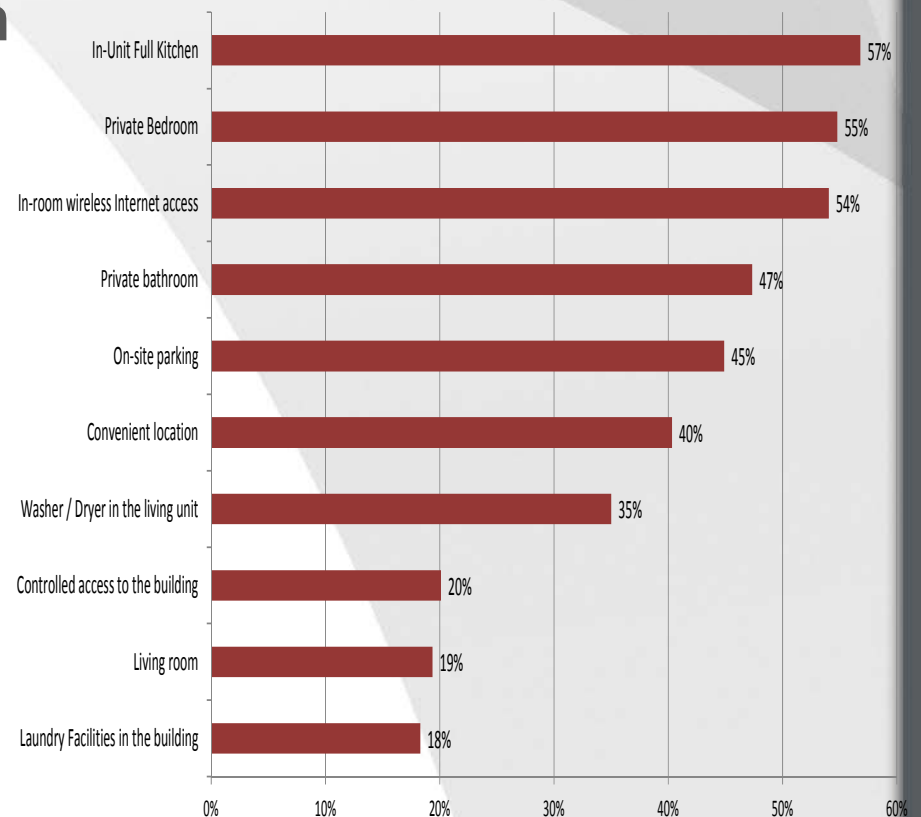
# PLANNING

## PROGRAM

### ◆ Program Customization

- ◆ Unit Preferences
  - Continuum
  - Families
  - Veterans
- ◆ Features
- ◆ Policies

### MOST IMPORTANT FEATURES?



# PLANNING

## PRO FORMA- DIRECT COSTS

- ◆ “Auxiliary”
  - ◆ Personnel
  - ◆ Maintenance & Custodial
  - ◆ Utilities
  - ◆ Supplies
  - ◆ Admin. Expenses
  - ◆ Debt Service
  - ◆ Lease Payments
  - ◆ Replacement & Reserve

Operating Pro-forma			
Year of Operations	2	3	4
Academic Year	2016/2017	2017/2018	2018/2019
<b>Total Revenues:</b>	<b>\$4,362,000</b>	<b>\$4,493,000</b>	<b>\$4,628,000</b>
Community/Hall Director	\$47,741	\$49,173	\$50,648
Custodians	\$31,827	\$32,782	\$33,765
Maintenance	\$31,827	\$32,782	\$33,765
Benefits	\$38,988	\$40,158	\$41,362
Admin/Adverstising/Misc	\$183,348	\$188,849	\$194,514
Utilities	\$488,929	\$503,597	\$518,705
Repairs/Maintenance	\$122,232	\$125,899	\$129,676
Insurance	\$110,009	\$113,309	\$116,709
Cable	\$61,605	\$63,453	\$65,357
Internet	\$61,116	\$62,950	\$64,838
Management Fee	\$0	\$0	\$0
Programming	\$79,451	\$81,834	\$84,290
<b>Total Expenses</b>	<b>\$1,257,000</b>	<b>\$1,295,000</b>	<b>\$1,334,000</b>
<b>Net Operating Income (NOI)</b>	<b>\$3,105,000</b>	<b>\$3,198,000</b>	<b>\$3,294,000</b>
<b>Annual Debt Service (Actual)</b>	<b>\$2,513,000</b>	<b>\$2,513,000</b>	<b>\$2,513,000</b>
<b>Working Capital / Major Replacement Reserves</b>			
Beginning Balance	\$2,026,650	\$2,679,450	\$3,444,833
Transfers In	\$592,000	\$685,000	\$781,000
Transfers Out	\$0	\$0	\$0
<b>Ending Balance</b>	<b>\$2,679,450</b>	<b>\$3,444,833</b>	<b>\$4,329,178</b>
<b>Debt Coverage Ratio</b>	<b>1.24</b>	<b>1.27</b>	<b>1.31</b>

# PLANNING

## PRO FORMA - INDIRECT COSTS

- ◆ 24/7
  - ◆ Residence Life
  - ◆ Food Service
  - ◆ Security / Safety
  - ◆ Student Life
    - Student Activities
    - Recreation
    - Athletics
  - ◆ Health Services
  - ◆ Counseling
  - ◆ Parking
  - ◆ Risk Management
- ◆ Cost



# IMPLEMENTATION

## FUNDING

### 1. Traditional Approach

- A. University/college financed with tax-exempt bonds through auxiliary system
- B. Student rents or fees used to retire debt

### 2. Affiliated Non-Profit Sponsored Development

- A. University partners with associated 501(c)3 organization
- B. Project backed by a master lease from the university/college

### 3. Private Development/Unaffiliated

- A. Ground lease with developer
- B. No other university/college involvement

# IMPLEMENTATION

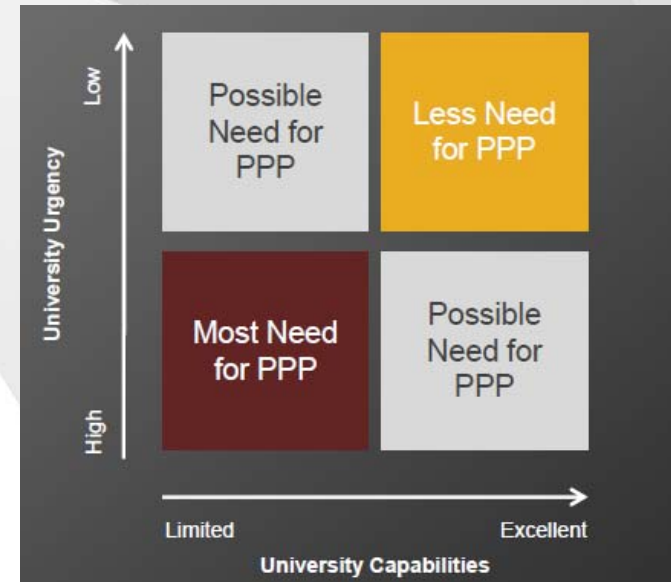
## FUNDING

	College	Affiliated	Private Developer
<b>Cost of Capital</b>	Lowest	Middle	Highest
<b>Speed of Delivery</b>	Slowest	Closer to Private Developer	Fastest
<b>College Control</b> Program, Operations, Tenants, etc.	Greatest	Need for control; manage the developer	Least
<b>College Risk</b> Delivery, Financing Lease-up, etc.	Greatest Exposure	Some Exposure	Least Exposure
<b>College Financial Impact / Debt Capacity</b>	Greatest Exposure / Opportunity	Some Impact	Least Exposure / Opportunity

# IMPLEMENTATION

## WHY PARTNER?

- ◆ Project Development
- ◆ Financial Capacity
- ◆ Operating Risk
- ◆ Ownership
- ◆ Management Skill





# RISK MITIGATION

PROTECTING THE INSTITUTION

- ◆ Strategic Vision
- ◆ Feasible Project
  - ◆ Absorption
  - ◆ Phasing
- ◆ Trusted Partner
  - ◆ Developer
  - ◆ Operator
  - ◆ Experience





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