

SHO Pathway Experience

Assessment and Planning Using a Real Estate Perspective: The UNC Story

Presented By:

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Brad Noyes, Brailsford & Dunlavy



CONFERENCE
& EXPO



INTRODUCTIONS

Allan Blattner

Housing master and strategic planning are aspects of our work I find incredibly interesting and rewarding. The mix of politics, planning and design fascinate me.

Working to create organizational culture guided by ***mission, values and an envisioned future*** is a daily challenge I enjoy.

The majority of ***my background*** is at large public universities with an amazing 8-year opportunity at a small private college. I have been at UNC Chapel Hill since March 2015.



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July 7-10, 2018

INTRODUCTIONS

Brad Noyes

Our mission is to make our clients the strongest owners possible throughout the development process.

Our purpose is to inspire and empower organizations to maximize the value of investments that advance communities.

My background is Architecture & Real Estate Development having worked with more than 250 campuses. I have been with B&D since its founding in 1993.



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Audience Poll:

MARKET CONDITIONS AFFECTING YOUR CAMPUS HOUSING

AUDIENCE POLL

- **Are state legislations regarding P3s affecting your campus?**
- **Are questions arising on your campus regarding P3s and/or the monetization of campus assets?**
- **Is your housing portfolio misaligned with strategic objectives, student preferences, etc.?**
- **Have you or are you currently competing with other campus development initiatives (funding, leadership buy-in, land resources, etc.)?**



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The UNC at Chapel Hill Story

WHERE WE STARTED

1. Misalignment of *current housing supply* with market demand and strategic objectives as well as *significant deferred maintenance*.
2. *Increased off-campus student housing development* due to new city development shifts, which lessened the draw to live on campus because of housing options in *close proximity* to campus that *historically did not exist*.
3. A need to determine where we fit within the *ongoing master planning process* on campus. Our (housing) involvement was critical as it was determined there was *tremendous value in us being at the table*.
4. An *increasing interest in the exploration of P3s* by the University of North Carolina System Board of Governors brought about frequent discussions on campus.
5. An increased amount of questions internally about the *value of our housing inventory* and what it meant to the overall *health of UNC's financial position*, which in turn led to *discussions of monetization*.



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DISCUSSION

WHAT IS THE ***GREATEST RISK*** TO
THE HOUSING SYSTEM?

DISCUSSION

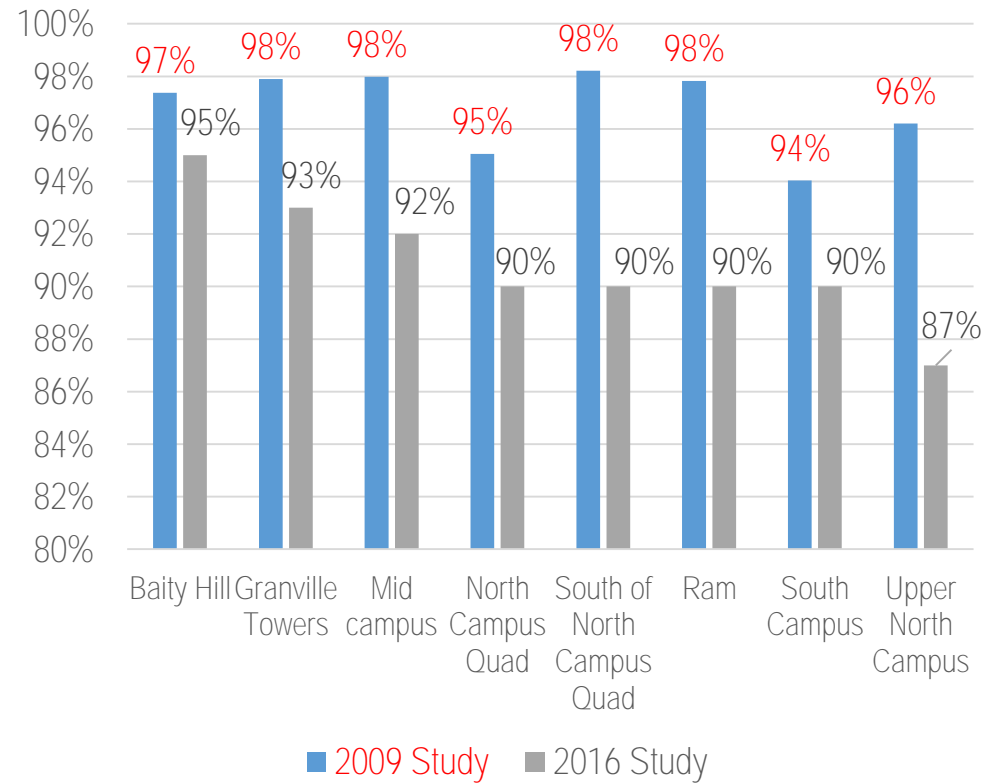
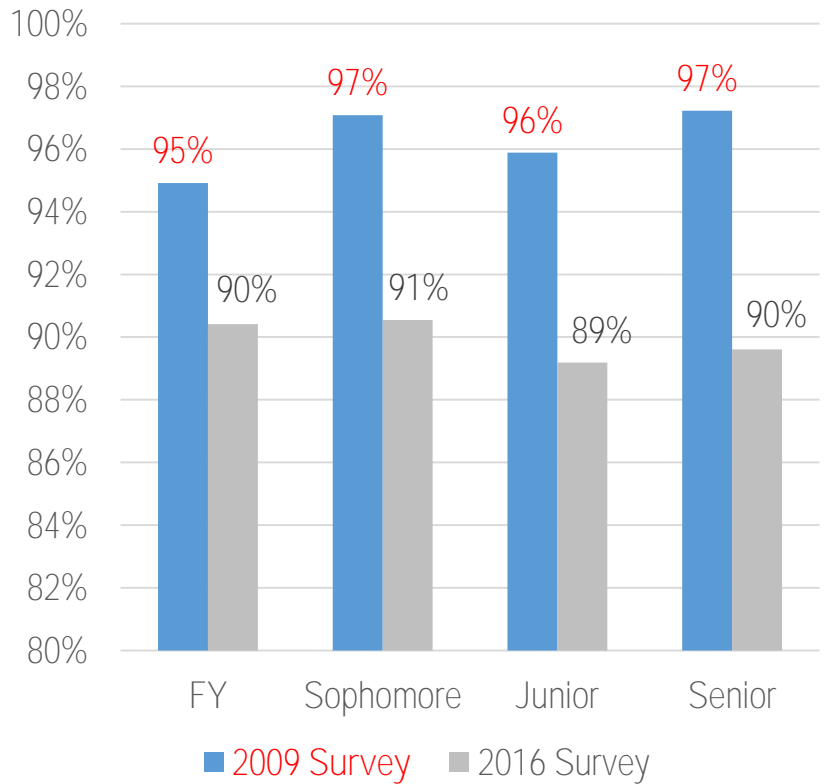
Capture Rate by Classification

	<u>Fall 2014</u>		<u>Fall 2015</u>		<u>Fall 2016</u>	
	Residents	Capture	Residents	Capture	Residents	Capture
FY	3,776	96%	3,686	96%	3,795	95%
Sophomore	2,918	71%	2,775	67%	2,929	68%
Junior	1,675	39%	1,639	36%	1,620	35%
Senior	1,147	23%	1,034	21%	1,000	19%
Total UG	9,516	55.5%	9,134	52.3%	9,344	51.8%

UNC housing is dependent on re-capturing students beyond 1st year to achieve strong occupancy / financial performance
– Requires that satisfaction is high

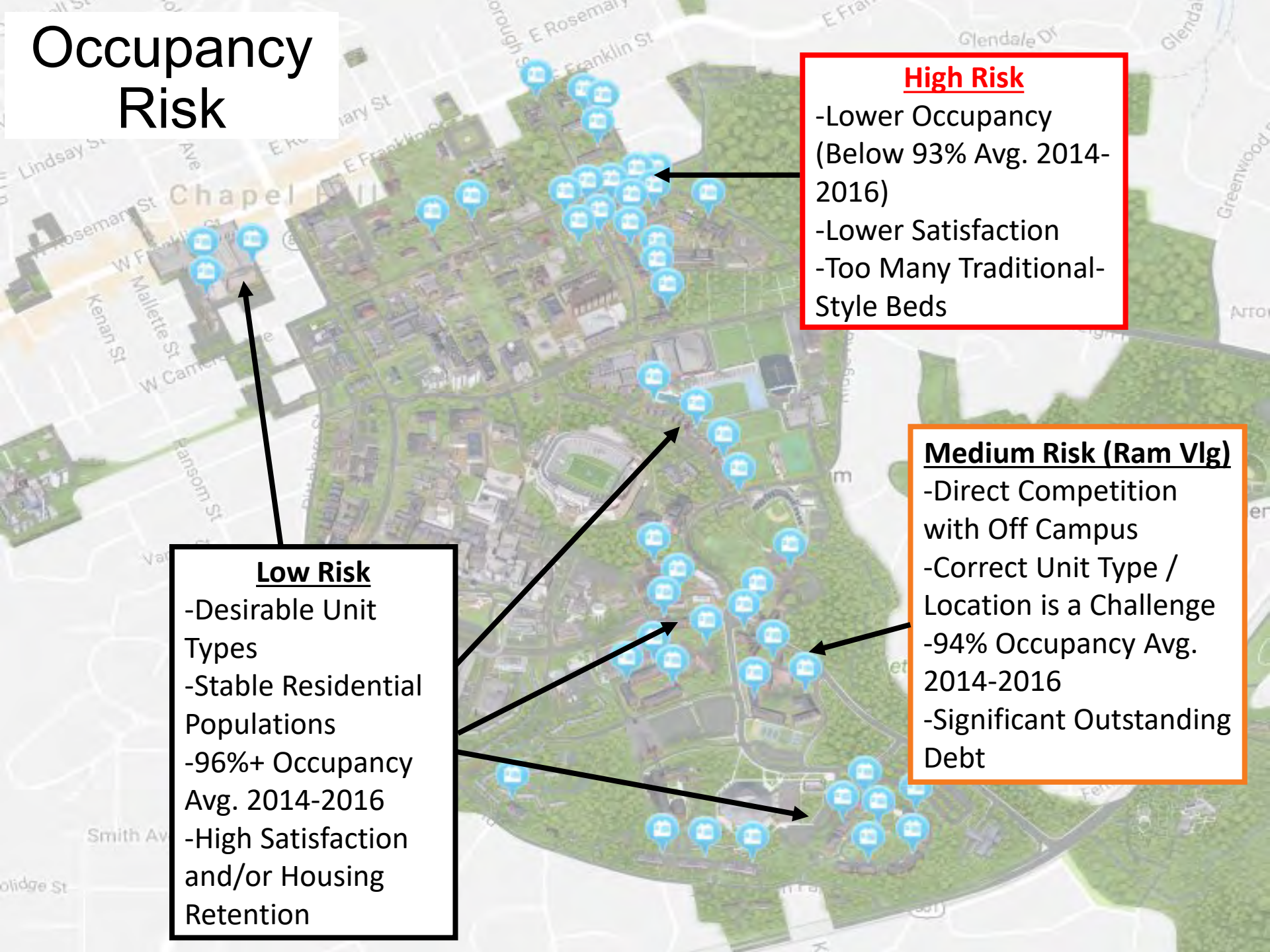
DISCUSSION

Housing Satisfaction Comparison – 2009 vs. 2016



On-campus satisfaction used to be higher for every academic classification and neighborhood

Occupancy Risk



High Risk

- Lower Occupancy (Below 93% Avg. 2014-2016)
- Lower Satisfaction
- Too Many Traditional-Style Beds

Medium Risk (Ram Vlg)

- Direct Competition with Off Campus
- Correct Unit Type / Location is a Challenge
- 94% Occupancy Avg. 2014-2016
- Significant Outstanding Debt

Low Risk

- Desirable Unit Types
- Stable Residential Populations
- 96%+ Occupancy Avg. 2014-2016
- High Satisfaction and/or Housing Retention

WHAT IS THE RELATIVE *VALUE*
OF *EXISTING ASSETS* ACROSS
THE SYSTEM?

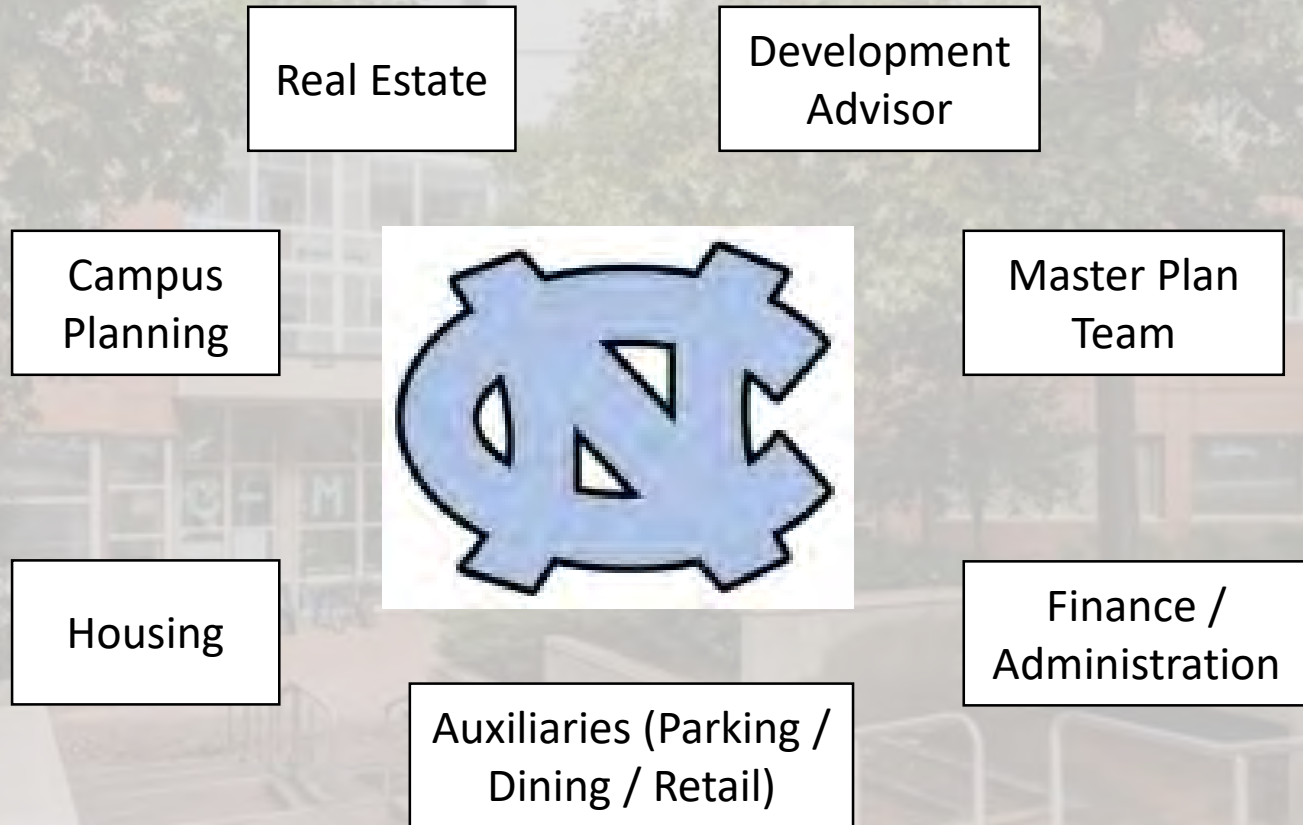
DISCUSSION

Strategic investment in UNC's housing assets strengthens the system valuation

	No Implementation Plan		Implementation Plan	
	Total UNC Valuation	Total CF After Debt Defeasement	Total UNC Valuation	Total CF After Debt Defeasement
2016	\$253,000	\$58,000	\$310,000	\$115,000
2017	\$269,000	\$82,000	\$331,000	\$139,000
2018	\$279,000	\$100,000	\$346,000	\$157,000
2019	\$289,000	\$118,000	\$374,000	\$187,000
2020	\$299,000	\$137,000	\$386,000	\$199,000
2021	\$320,000	\$167,000	\$414,000	\$229,000
2022	\$339,000	\$196,000	\$472,000	\$295,000
2023	\$359,000	\$226,000	\$457,000	\$283,000
2024	\$380,000	\$257,000	\$487,000	\$313,000
2025	\$403,000	\$291,000	\$471,000	\$300,000
2026	\$424,000	\$323,000	\$610,000	\$439,000
2027	\$445,000	\$352,000	\$580,000	\$409,000
2028	\$466,000	\$381,000	\$618,000	\$447,000
2029	\$488,000	\$411,000	\$653,000	\$483,000

WHO ***NEEDS TO BE INVOLVED*** TO
EFFECTIVELY ASSESS UNC'S
CURRENT STATE?

DISCUSSION

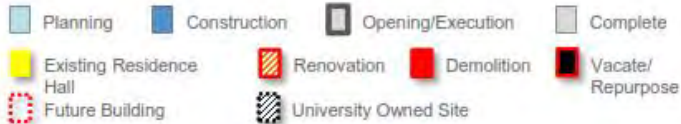


DISCUSSION

WHAT *KEY STEPS* NEED TO
TAKE PLACE TO *ACHIEVE*
TARGETED GOALS?

DISCUSSION

	FALL 2019	FALL 2020	FALL 2021	FALL 2022	FALL 2023	FALL 2024	FALL 2025	FALL 2026	FALL 2027	FALL 2028	FALL 2029
Ongoing Investments											
Follow capital project / deferred maint. schedule	■	■	■	■	■	■	■	■	■	■	■
South Campus placemaking	■	■	■	■	■	■	■	■	■	■	■
Projects / Initiatives				★							
Baity Hill transition to part Undergraduate and part Graduate	■	■	■	■	■	■	■	■	■	■	■
Parker / Teague demolition	■	■	■	■	■	■	■	■	■	■	■
Undergraduate new housing project on Parker / Teague	■	■	■	■	■	■	■	■	■	■	■
Graduate P3 new housing project on Odum site	■	■	■	■	■	■	■	■	■	■	■
Ehringhaus renovation	■	■	■	■	■	■	■	■	■	■	■
Baity Hill full transition to Undergraduate	■	■	■	■	■	■	■	■	■	■	■
Craige renovation	■	■	■	■	■	■	■	■	■	■	■
Hinton James renovation	■	■	■	■	■	■	■	■	■	■	■
Begin North Campus repurposing (Grimes / Mangum / Manly / Ruffin / Spencer)	■	■	■	■	■	■	■	■	■	■	■



Group Discussion

Thank You.