

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of May 17, 2017

APPROVAL OF PRELIMINARY PLANS FUNDING, STUDENT HOUSING FOR FIVE SITES, LOS ANGELES CAMPUS

EXECUTIVE SUMMARY

The Los Angeles campus is requesting preliminary plans funding to study the potential of five campus locations for developing student housing. UCLA is located in one of the most expensive housing markets in the nation, and as it has evolved from a commuter campus to a residential campus, the demand for University housing has continued to increase. UCLA currently accommodates approximately 14,300 undergraduate students in on-campus housing and University-owned apartments close to campus. The campus also provides housing to more than 5,500 graduate students, faculty and staff, and their families. Campus housing options offer students relative affordability compared with housing available in the private sector. Approximately 4,500 additional beds are needed to better meet undergraduate and graduate student demand as soon as 2021.

UCLA enrolled 750 more undergraduate students beginning in fall 2016 as part of the University's commitment to enroll more California residents through fall 2020. This increase presents challenges when coupled with the increasing demand for campus housing. To help accommodate the projected enrollment increases, the campus has temporarily added to the number of triple occupancy rooms, which is approaching 80 percent, and has deferred the goal of achieving an increased housing guarantee.

The campus presented an overview of its housing strategy to the Finance and Capital Strategies Committee in March 2017. In that presentation the campus shared its intent to study the potential for developing student housing on five campus sites, with the first projects being available by 2020-21. The preliminary planning work will advance studies to determine which sites would be best suited for development of the approximately 4,500 beds that are needed to: partially accommodate the increased enrollment, increase the housing guarantee for entering first-year students from three to four years, increase the guarantee for transfer students from one year to two years, reduce the triple occupancy percentage closer to the 60 percent target identified in the Student Housing Master Plan, and help meet existing unmet graduate housing demand.

In this item, the Regents are being asked to approve preliminary plans funding not to exceed a total of \$15.4 million to be funded by housing reserves and allotted to the potential project locations as described below. The preliminary plans funding would enable the campus to confirm and refine the scope of work and budget to accommodate 4,500 new beds on as many as five campus sites, and complete schematic design and design development prior to submitting selected projects to the Regents for full budget approval.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that the 2016-17 Budget for Capital Improvements be amended to include the following projects:

Los Angeles: Bradley South Residence Hall – preliminary plans –
\$2.3 million to be funded from housing reserves.

Los Angeles: Lot 15 Residence Hall – preliminary plans –
\$3 million to be funded from housing reserves.

Los Angeles: Drake Stadium Residence Hall – preliminary plans –
\$2.7 million to be funded from housing reserves.

Los Angeles: 10995 Le Conte Apartments – preliminary plans –
\$3.1 million to be funded from housing reserves.

Los Angeles: Southwest Campus Apartments – preliminary plans –
\$4.3 million to be funded from housing reserves.

BACKGROUND

In the 30 years since UCLA drafted its first Student Housing Master Plan, the on-campus supply of undergraduate beds has increased from approximately 4,300 to 12,800, as UCLA has evolved from a predominately commuter campus into a thriving residential community. Currently, 46 percent¹ of the undergraduate population lives on campus or within one mile in University-owned housing. The campus also provides housing to more than 5,500 graduate students, faculty and staff, and their families. Approximately 3,400 graduate students (24 percent of the graduate population) currently live on-campus or in off-campus University-owned housing.

The campus goal is to guarantee housing to all entering first-year students for four years and transfer students for two years. Current housing inventory constrains the guarantee to three years

¹ Approximately 14,300 undergraduate students are housed in University-owned units either on-campus or within one mile.

for entering first-year students and one year for transfer students. The current goal for graduate housing is two years for new graduate and professional students.

Demand for Campus Housing

There is high demand for housing on the Los Angeles campus. The current waitlist of approximately 1,100 undergraduate students for University-owned housing for the upcoming 2017-18 academic year is projected to increase to over 2,100 students based on acceptance rates experienced in previous years.

During the past five years, housing enrollment and guaranteed student housing acceptance rates have increased for first-year (from 95 percent to 97 percent), second year (from 72 percent to 74 percent), and most significantly for third-year undergraduate students (from 25 percent to 44 percent), and first-year transfer students (from 36 percent to 48 percent). Over the next four years, enrollment of California residents will increase at all UC campuses. At UCLA the fall 2016 cohort grew by 600 freshman and 150 transfer students. These increases will create additional demand for housing.

For graduate students, UCLA does not currently offer a guarantee beyond spaces allocated for 1,000 students nominated by their departments. The remaining graduate inventory is filled based on lottery applications, and is insufficient to provide a guarantee to all incoming students or meet current demand.

Recent Actions to Increase Bed Supply

The campus added approximately 2,100 undergraduate beds from 2012-14 through a combination of construction, redevelopment, acquisition, and conversion. New construction included the Northwest Campus Student Housing Infill project that created 1,500 on-campus bed spaces in 2013-14. It was originally anticipated that these additional beds would enable UCLA to increase the guarantee for transfer students to a two-year standard without affecting the three-year guarantee for freshmen. However, the additional bed spaces were utilized instead to absorb the increased enrollment and increased housing demand from non-freshman students.

The campus also added nearly 600 undergraduate beds in 2013-14 to the off-campus apartment inventory proximate to campus. This includes the acquisition of Landfair Vista with 178 beds (2014); the redevelopment of Landfair and Glenrock Apartments with a net increase of 131 beds (2014); and conversion of Faculty Gayley housing for use by undergraduates that netted 284 beds (2013). Another project currently in design will redevelop the existing Margan Apartments and result in a net increase of 141 beds (2019). As a result of these actions, the undergraduate off-campus beds in the apartment inventory will increase by a total of 734 beds between 2014 and 2019.

During the past 12 years, the campus has constructed approximately 1,900 beds for graduate students in both on- and off-campus housing. These beds were added through the on-campus Southwest Campus Housing and Parking project in 2005, the Weyburn Terrace Graduate Student

Housing project completed in 2013, and two off-campus studio apartment buildings constructed as part of the Hilgard Graduate Student Housing project in 2010.

New Dining and Study Facilities

Dining is an essential element of a high-quality residential experience for undergraduate students. The housing program has added seating to accommodate recent enrollment increases, and invested in infrastructure improvements to increase quality and gain efficiencies in delivery of food service. As part of the Northwest Campus Student Housing Infill project completed in 2013, the campus created an 890-seat dining facility with an innovative menu platform featuring healthy and sustainable food items. In January 2017 the Hedrick Hall Dining/Study Renovation created a new 350-seat dining/study facility that provides a unique environment where students can eat and study together 24 hours a day.

The residence hall population anticipated for the Lot 15 and Drake Stadium locations would be served by the existing dining facilities. The apartments considered for 10995 Le Conte and the Southwest Campus locations would not require dining facilities. It is anticipated that the location of development on the Bradley South site would require additional dining capacity to be provided as part of the project. This type of impact on existing facilities is one of the many factors that will be evaluated during the preliminary planning phase.

Affordability

The residential community surrounding UCLA is a desirable market for non-students and supply is limited. This competitive housing market has become unaffordable for the vast majority of undergraduate students. According to a market rent survey completed by CBRE in January 2017 for the campus, University-owned apartments are 21.9 percent below the mean rate in the private market. For example, students are currently paying approximately \$900 per month for a bed in a University-owned two-bedroom apartment compared to \$1,200 a month for a similar two-bedroom apartment in the private sector. The same study indicates that the vacancy rate in private sector apartments is approximately 2.8 percent. Current trends indicate the private sector will increase rental rates between four to seven percent annually for the next few years, while the Student Housing Master Plan anticipates undergraduate rate increases to be limited to no more than three percent for the next five to ten years.

POTENTIAL HOUSING PROJECTS

In response to the high demand for on-campus housing at UCLA, the campus began a selection process in August 2016 to retain services to study new housing options for undergraduate students. Two executive architects were selected to evaluate the feasibility and site capacity of multiple sites for new housing. Based on a preliminary assessment of these sites, the campus has identified a potential capacity for approximately 6,900 beds that can be built on campus as early as 2020-21, as shown in Table 1 below.

Table 1: UCLA Potential Housing Projects

Project/Site	Estimated Beds	Proposed P Budget
Bradley South Residence Hall	600	\$2.3M
Lot 15 Residence Hall	1,700	\$3.0M
Drake Stadium Residence Hall	1,100	\$2.7M
10995 Le Conte Apartments	1,300	\$3.1M
Southwest Campus Apartments	2,200	\$4.3M
TOTAL	6,900	\$15.4M

From this potential total capacity of 6,900 undergraduate beds, the campus will pursue development of approximately 4,500 beds that are needed to better meet the campus goal of guaranteed on-campus housing to all entering first-year students for four years, to all new transfer students for two years, and to help meet graduate housing demand. Work done during the preliminary planning phase will include site-specific testing and analysis. More detailed studies will allow the campus to assess the viability of the proposed sites and identify the preferred locations for construction of the 4,500 beds needed to fulfill the increased demand and meet campus goals for student housing. Funding granted under preliminary planning phase approval will allow the campus to advance the drawings into schematic design and design development on the identified sites.

The remaining potential capacity of 2,400 beds will be considered for housing additional undergraduates in the future if demand increases beyond current projections, and for housing additional graduate students. UCLA currently houses 1,900 graduate students in on-campus housing and an additional 1,500 in University apartments within four miles of campus. This inventory has proven to be a critical resource to recruiting and retaining graduate students.

The sites proposed for evaluation are described in more detail below and locations are identified on Attachment 2.

Bradley South Residence Hall: The proposed project would be located on a sloping, undeveloped parcel adjacent to Bradley Hall in the Northwest campus zone. The site could accommodate approximately 600 beds in a new residence hall in designed triple rooms with community bathrooms. The project would also provide dining, common study, meeting, and laundry facilities to support the undergraduate living and learning environment. The dining facility may include a to-go eatery with indoor and outdoor seating options to supplement existing full-service dining facilities in this area of campus. Currently, the land is a landscaped hillside at the intersection of Gayley Avenue, Strathmore Drive, and Charles E. Young Drive West proximate to the undergraduate residence halls in the Northwest campus. The site offers the opportunity to create a residential community along a well-travelled route used by students throughout the day. The estimated preliminary plans phase budget for this location is \$2.3 million.

Lot 15 Residence Hall: The proposed project would be located on an underutilized site between the Saxon and Hitch Residential Suites in the Northwest campus zone. The site could accommodate approximately 1,700 beds for students in designed triple rooms with community bathrooms. As envisioned, the project would also provide common study and laundry facilities. Currently, the land is occupied by a housing maintenance program and related service vehicle parking. The multi-level site on a sloped hillside offers an opportunity to construct an infill housing project proximate to the adjacent residential suites and the Rieber Undergraduate Residence Hall directly across De Neve Drive. The estimated preliminary plans phase budget for this location is \$3 million.

Drake Stadium Residence Hall: The proposed project would be located along the upper rim of Drake Stadium in the Northwest campus zone. The site could accommodate approximately 1,100 beds in designed triple rooms with community bathrooms. The project would also provide common study and laundry facilities. Development of this site provides an opportunity to accommodate additional space for athletic programs associated with the stadium and nearby athletic facilities. Currently, the land is a landscaped area along De Neve Drive, with the undergraduate Sproul Residential Complex and Covell Commons to the west and Drake Stadium to the east. The estimated preliminary plans phase budget for this location is \$2.7 million.

10995 Le Conte Apartments: The proposed project would be located on the University Extension (UNEX) building site in the Bridge zone of the campus. The site could accommodate approximately 1,300 beds in apartment units. Student support space would include common study, meeting, and laundry facilities. The UNEX building, a 95,000-gross-square-foot (gsf) office and classroom building built in 1971, would be demolished and the occupants relocated to temporary lease space as part of a long-term plan to consolidate the extension program in a new facility in the Southwest zone. The site, located immediately to the north of Westwood Village at the intersection of Le Conte Avenue, Gayley Avenue, and Levering Avenue, is proximate to the existing Margan Apartment building that is currently under redevelopment and the proposed Southwest Campus site described below. The estimated preliminary plans phase budget for this location is \$3.1 million.

Southwest Campus Apartments: The proposed project would be located on the Warren Hall site in the Southwest campus zone. Warren Hall, a 102,200-gsf laboratory and office building built in 1961, would be demolished and the occupants relocated to other facilities on-campus to construct the project. The site could accommodate approximately 2,200 beds in apartment units. Student support space would include common study, meeting, recreation, and laundry facilities. The project would be designed to create opportunities for creative study and collaboration with residents of the adjacent graduate student community in Weyburn Terrace and/or provide additional graduate student housing. The estimated preliminary plans phase budget for this location is \$4.3 million.

Implementation Strategy

From the potential capacity of 6,900 beds, the campus will further evaluate the development potential, cost factors, and appropriate site densities during the preliminary design phase to accommodate approximately 4,500 beds on up to five sites. The campus will achieve economies

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of scale during this effort by having one design team develop four of the five sites. Common bedroom modules for the residence hall sites in the northwest campus and apartment units in the southwest campus will be developed to create efficient and cost-effective facility plans. To move as aggressively as possible, early demolition packages will be developed for sites with buildings to be removed prior to the commencement of construction of the new housing, but after the appropriate project environmental determinations have been made.

Parking

The proposed projects would not provide parking since parking permits are not typically issued to undergraduate students; existing parking inventory would be used to accommodate additional graduate students. Parking for faculty and staff displaced from the 136 existing parking spaces at the Southwest Campus Apartments site would be absorbed into the existing campus parking inventory. Limited spaces would be provided as needed to accommodate the drop-off, pick-up and service needs at each location. Housing maintenance service vehicles displaced from Lot 15 would be relocated to other parking areas in the Northwest campus.

Approval Request

The requested preliminary plans funding would allow the campus to further assess the viability of the potential sites and identify the preferred locations for construction of approximately 4,500 beds on as many as five campus sites, with the first projects being available by 2020-21. The funding would allow the campus to confirm and refine the scope of work and budget, and complete schematic design and design development on the selected sites. The work will include site surveys, specialty consultants, and California Environmental Quality Act documentation.

Key to Acronyms

GSF	Gross-Square-Foot
UNEX	University Extension

ATTACHMENTS:

Attachment 1: Preliminary Plans Budget

Attachment 2: Campus Location Map

Attachment 3: Alternatives Considered

ATTACHMENT 1

PRELIMINARY PLANS BUDGET

	Bradley	Lot 15	Drake	Le Conte	Southwest Campus	Total
Estimated Bed Capacity	<i>600</i>	<i>1,700</i>	<i>1,100</i>	<i>1,300</i>	<i>2,200</i>	<i>6,900</i>
Type	<i>Residence Hall</i>	<i>Residence Hall</i>	<i>Residence Hall</i>	<i>Apartments</i>	<i>Apartments</i>	
Category						
A/E Fees ¹	\$1,500,000	\$2,225,000	\$1,900,000	\$2,250,000	\$3,400,000	\$11,275,000
Campus Administration ²	\$ 250,000	\$ 260,000	\$ 260,000	\$ 268,000	\$ 278,000	\$ 1,316,000
Surveys, Tests, Plans ³	\$ 100,000	\$ 95,000	\$ 90,000	\$ 97,000	\$ 92,000	\$ 474,000
Special Items ⁴	\$ 450,000	\$ 420,000	\$ 450,000	\$ 485,000	\$ 530,000	\$ 2,335,000
Total Budget	\$2,300,000	\$3,000,000	\$2,700,000	\$3,100,000	\$4,300,000	\$15,400,000

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1. Includes executive architect fees for schematic design and design development.
 2. Includes: campus project manager, planning, engineering and design review, and contracts administration.
 3. Includes soil borings, site surveys, and design phase testing.
 4. Includes: pre-design study, environmental documentation, peer reviews, specialty consultants, and agency fees.

CAMPUS LOCATION MAP

UCLA | Housing Preliminary Planning

Potential Housing Sites

Residence Halls:

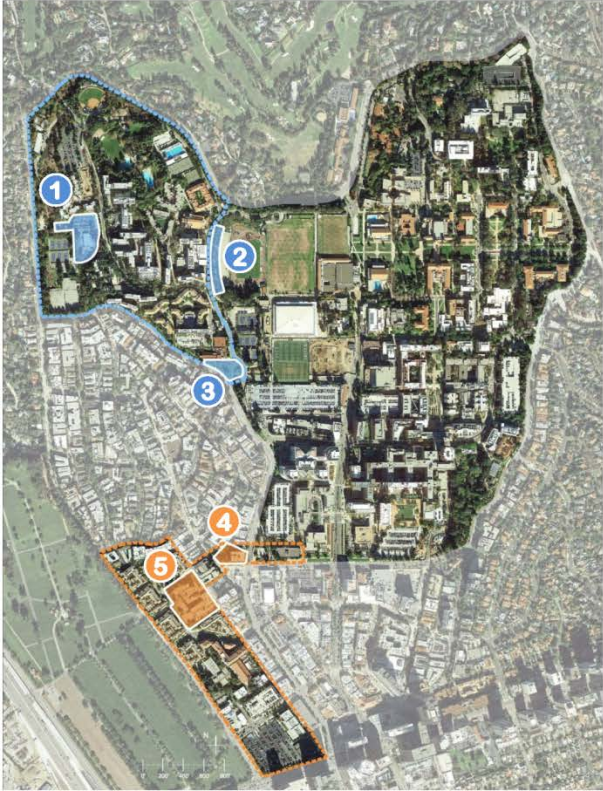
- 1 Lot 15
1,700 Beds
- 2 Drake Stadium
1,100 Beds
- 3 Bradley South
600 Beds

Apartments:

- 4 10995 Le Conte
1,300 Beds
- 5 Southwest Campus
2,200 Beds

Total:

6,900 Beds



ALTERNATIVES CONSIDERED

Alternatives considered for providing additional on-campus housing for undergraduate students at UCLA include: 1) no project; 2) purchase of residential property off-campus; 3) development of new housing through a Public-Private Partnership (P3) project delivery model; and 4) construction of new housing with a University-delivered approach.

A “no project” alternative is not a viable course of action. This alternative would not support the President’s Student Housing Initiative to increase the supply of housing at UCLA, as part of the goal to increase the supply of student housing throughout the UC system. Without additional beds for students, the campus would not be able to: further address current and projected demand for student housing; maintain the current guarantee of three years to entering first-year students and one year for transfer students; increase the housing guarantee to two years for transfer students; help meet graduate housing demand; and provide additional affordable housing to meet student demand, forcing students to live farther away from campus.

Purchase of sufficient residential property off-campus to meet the need for 4,500 additional beds is not a viable course of action at this time. While UCLA continually pursues opportunities to purchase properties proximate to campus, there are no known opportunities to secure existing developments or potential redevelopment sites that would be large enough to satisfy the campus demand for housing. Most of the available inventory in the Westwood area was constructed more than 50 years ago and is subject to development limitations imposed by the Westwood Site Specific Plan. Even though UCLA can redevelop owned off-campus properties to higher densities than allowed under city zoning, it would be difficult to assemble contiguous properties on the scale needed to satisfy demand for new housing.

Delivery of the beds through a P3 method was considered by the campus. The campus has sufficient debt capacity to fund the proposed units and has developed expertise through developing nearly 10,450 beds in-house. A P3 delivery is not expected to offer significantly different financing rates and would require the campus to transfer some control over the design and operations of the units. A P3 delivered project would also require the negotiation of a ground lease with a third party and would add time to the development schedule. Given the expertise and financial capacity of the campus to deliver housing that suits its needs, the development of beds through a P3 model is not the preferred delivery approach for providing on-campus housing by 2020-21.

Construction of new housing through a University-delivered approach is the preferred alternative. UCLA has considerable experience, having increased the supply of undergraduate and graduate beds by nearly 10,450 beds during the past 30 years. UCLA housing has the financial capacity to accommodate the development and operating costs associated with the proposed projects. The proposed Bradley and Southwest Campus sites can be made available quickly: the Bradley site in the Northwest campus zone is undeveloped and a campus commitment is in place to vacate Warren Hall so that additional housing can be constructed on the Southwest Campus site.