Student Family Housing Redevelopment Committee – Meeting Minutes Summary

Date: 9-23-2014    Time: 1:30PM - 3PM PST

Participants: Assistant Vice Chancellor Clayton Halliday, Associate Dean Lenora Timm (Chair), Marilyn Derby (Project Manager), Brittany Derieg (Project Assistant), Professor Michael Rios, Vice Chair of GSA Erica Vonasek, Graduate Student Representatives Aaron Fackler, Paul Johnson, Gordon Rees, and Cutcha Risling Baldy, and Undergraduate Student Representative Ryan Reynolds. Associate Vice Chancellor Emily Galindo and Director Ramona Hernandez were present during the beginning of the meeting to present about housing rates, costs, and the Student Housing budgeting process. Assistant Vice Chancellor of Campus Planning and Community Resources joined the meeting later to present about existing campus and city plans surrounding the Solano Park area and neighboring properties.

Presentation by Student Housing: Rates and Cost

Associate Vice Chancellor Emily Galindo and Director of Business Services Ramona Hernandez presented to the committee about how housing rates are traditionally set, and what annual and long-term factors affect the budget of Student Housing. They also presented about the structure of Student Housing, their goals, and their various properties throughout Davis.

Overview

The mission of Student Housing is concerned with living, dining, and academic support services. They are self-supporting, meaning they are entirely supported by rents, and not tuition or other revenues. Student Housing houses a little over 6,000 students, with the majority of them in in the residence halls. Some students are through the parks (Orchard, Solano, Russell), some are in complexes managed by third parties but on campus grounds, and some are housed through master leases. Housing has 400 total career employees and 1,000 student employees.

There are 5200 beds in the residence halls, 276 units at Solano Park, 181 units at Primero Grove, and a varying number of students at the Colleges and at West Village. West Village is open to non-first-year undergraduates, and has a little over 2,000 students currently residing there. The third-party company managing West Village leased the land from UC Davis for 65 years, and half of the revenue from the ground lease/ground rents goes to Financial Aid in the form of grants for students. The other half goes to reducing rent prices for students at that property.

All five Housing properties that are managed by third parties have no ground rents coming to the University, instead those funds are funneled into the calculation of rent prices to keep them lower than marker rate. Specifically for 8th and Wake, the rents must be held at 85% of those at comparable housing complexes in Davis.
Sources of Funds
Total income in 2013-2014: $75,265,807 (regular session: $71,437,590)
- Room and Board from Residence Halls: $60,721,952
- Rent from Apartments: $5,715,007
- Rent from Family and Graduate Apartments: $5,000,631
- Conference Services (Summer Session, Guests, Groups): $3,381,720
- Sales and Services (Late Check-Out, Additional Meal Blocks, Retail): $446,497

Uses of Funds
Operational costs take up 77% ($58,099,172) of the total income. Operations include dining (56%),
maintenance and repair (6%), utilities (eg: gas, electric, water) (2%), salaries and benefits (17%),
campus services and assessments (eg: use of fire department, police department, HR, Grounds) (12%),
and supplies (eg: paint, tools, pest control, etc) (7%).

The remaining 23% of funds go to non-operational costs, such as debt service (58%). Debt Service
is paying off Housing debt from past building expenses. Major Maintenance (35%) covers
unexpected damages due to weather, fire, or water damage, as well as required seismic upgrades.
Lastly, 7% of non-operating funds go to planned equity contributions.

Assumptions made regarding future operating costs to escalate at an average of 3%; as we get
closer to the next budget year, assumptions are updated based on known metrics. Revenues are
based on occupancy planning as new buildings are opened and older buildings are retired or off
line.

Major maintenance expenditures are on a five-year plan, which is updated as projects are
expanded or work-load is determined. Housing completes 34 major maintenance projects
annually.

All of the above factors are considered along with the 10-year business plan, including future
housing needs and costs. This is a balance between saving for the cost of new projects and the
need to keep rates as low as possible.

Housing Structure
Prior to 2003, all housing projects were run through the UC Office of the President (UCOP), rather
than separately. There is now a UC Housing Directors Group at each UC Campus, including UCSF,
and these groups communicate to stay abreast of changes and trends in student housing, though
each campus makes its own housing decisions.

There are Four Directors within UC Davis Student Housing:
- Ramona Hernandez, Business Services
- Mike Sheehan, Facilities Services
- Kraig Brady, Hospitality and Dining
- Branden Petitt, Office of Student Development
Vacancy Rates in Davis

Student Housing contracted with Bae Urban Economics to conduct their annual City of Davis Vacancy Survey. This annual survey collects data on vacancy and rental rates, as well as other characteristics, for rental units located within the Davis community. The objective of the survey is to provide information that will help inform planning decisions on campus. The survey results can be found here: [housing.ucdavis.edu/_pdownloads/2013_vacancy_report.pdf](http://housing.ucdavis.edu/_pdownloads/2013_vacancy_report.pdf)

From this annual survey several years ago, and because of measure J in Davis which requires all new housing projects in Davis to be approved by a 2/3 margin by voters, West Village was first considered to help mitigate the increased demand for housing for students, per the 2020 initiative. No new housing projects were being approved in the city of Davis, and it appeared that this would remain the case for many years, so in order to meet the increasing demand for student housing in Davis the campus decided to develop on their own land. Lacking the capital to develop a project of such scale themselves, the campus contracted with a third-party developer to build West Village.

The West Village student housing project, which opened in 2010, is now the largest provider of student apartments in the City of Davis, and it resulted in lower rents for older projects in Davis as it created significant competition for student housing.

Graduate Housing Plans

In 2009 it was determined that we needed replacement Graduate Student Housing, both because of the age of the current units and to accommodate for future growth. They then began saving for this future redevelopment, but due to an unexpectedly poor seismic rating for part of the Tercero Undergraduate Residence Halls, Housing decided to shift these saved funds to rebuilding this space. Pierce/Thille previously contained 800 beds, and the demand for undergraduate housing was increasing very fast due to the 2020 initiative. Therefore, Housing turned to a third-party option to finance and develop graduate family housing. This remained the case until March of 2014, when all plans were stopped, and the new redevelopment planning process began.

Presentation by Bob Segar

The question the campus asked itself a few years ago was, as the city thinks about potential development of the Nishi property (adjacent to Solano Park across the railroad tracks), and as the campus thinks about potential redevelopment of the Solano Park property, should we be coordinating? About potential road linkages, bike paths, overall framework of open space, etc. To this end, a company was hired to come up with some drawings for potential linkages across both properties. Some of these drawings included potential new classroom buildings, bridges, and the extension of the arboretum into areas currently being used for Solano Park. Soon after, the Chancellor stepped in. While she encouraged that the campus continue to be engaged with the city in ensuring efficient connections, the land dedicated to Solano Park must remain dedicated to Solano Park in all plans at least until the recommendations of the new student-staff planning committee are released.
Both then and now, these planning diagrams have been at the earliest stages, as none have been agreed upon by both the city and campus to move ahead for study. Any potentially agreed upon diagrams must then be studied for their implications on traffic patterns, open spaced, entry and exit points, and more. Depending on the results of these inquiries, the city and campus can then begin planning for how to move forward with cost analysis.

**Committee Planning: Moving Forward**

As a result of necessary presentations like those given today, and the need for the committee to fully understand the environment that their recommendations have to work within, it is suggested that we extend our timeline. By trying to meet a final deadline of December, we would have to rush our decisions, and further reduce the ability of the community to engage in discussion and provide invaluable feedback, which can be integrated into the final report. This will also provide the committee more time to address some of the assumptions that seem inherent to the current student housing model, such as how affordability is defined as a percentage of market rate, rather than of income.

Moving forward we need to set goals in the following three areas before we can move the conversation forward not only for Orchard and Solano Park, but for all housing redevelopment down the line: policy, rents related to incomes, and the financial model.

Next week are our first two open forums, which will be advertised through door-to-door fliers, on the student housing redevelopment website, and, moving forward, through the monthly listserves. These forums will serve to inform the community of this committee’s purpose, ensure that the questions regarding Solano Park’s future (rent increases, closure dates) are answered, and solicit feedback regarding affordability, facilities, density, and enrollment. Dates for future open forums will be discussed at our next meeting.