

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

2009-10 Residence Hall, Single Student Apartment and Family Housing Rental Rate Adjustments

RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve the proposed 2009-10 rental and dining rates for the residence halls, single student apartments and family housing, collectively termed the Housing and Dining System, making the proposed rates effective July 1, 2009.

The proposed residence hall room and dining rates for 2009-10 represent a net increase of 4.23 percent (\$270), from \$6,384 in 2008-09 to \$6,654 in 2009-10, for those with the most common room type and typical dining plan (a double room with the Bronze dining plan). The proposed rates compare favorably with those of other higher education institutions, which were surveyed in February 2009 (attachment 1).

BACKGROUND:

1. Room Rates

The proposed room rates reflect an increase of 4.4 percent for residence halls and single student apartments and 2.4 percent for family housing. For the residence halls, the rate for a double room represents an increase of \$189 for the academic year (attachment 2). For the single student apartment academic year contract, the increase is \$246 for the academic year and \$28 per month for month-to-month single student apartment contracts (attachment 3). For family housing, the increase ranges from \$17–21 per month, depending on unit size and location. A breakdown of the room rate increases are shown below, along with further discussion of the line items in Sections A and B.

	<u>Residence Halls</u>	<u>Single Student Apartments</u>	<u>Family Housing</u>
A1. Operational Increases	1.6%	1.6%	1.6%
A2. Utilities	.8%	.8%	.8%
B. Strategic Master Plan for Housing (<i>approved March 2008</i>)	<u>2.0%</u>	<u>2.0%</u>	<u>0%</u>
Total Room Rate Increase	4.4%	4.4%	2.4%

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The policy of maintaining Family Housing rates below those of the private market is adhered to in this recommendation (attachment 4).

A1. & A2. Operational Increases and Utilities

The Department of Housing and Food Services (HFS) anticipates a 2.4 percent increase in normal operating expenses during fiscal year 2009-10. This anticipated increase is lower than the projected 2.9 percent increase given in the Seattle Consumer Price Index (CPI) for 2009 (*Washington Economic and Revenue Forecast*, November 2008, Office of the Forecast Council), for the reasons cited below.

Typically, annual wage increases are accounted for in the determination of housing and dining rates. Given the extraordinary State budget climate and the freeze on staff salaries, pay increases are not included in the proposed rates for next year. Compensation requirements other than salary increases, e.g., mandated step increases for contract classified staff, are covered in this proposal. In addition, the system is experiencing higher costs for maintenance services and supplies, and the budget reflects these increases.

Also included is a .8 percent increase in utilities.

B. Strategic Master Plan for Housing

In March 2008, the Regents approved an annual 2 percent increase for the Strategic Master Plan for Housing. The 2 percent increase in rates reflects the annual rate increase that is recommended over the next twenty years in order to sustain the new debt load that will be incurred in developing new student housing.

2. Dining Rates

The rates for the Bronze, Silver and Gold dining plans will increase by 4 percent. The Purple dining plan rate will increase by 3 percent. For the Bronze plan, the rate represents an increase of \$81 for the academic year (attachment 2). For all other plans the rates represent an increase from \$99–\$150 for the academic year. A breakdown of the dining rate increases is shown below, along with further discussion of the line items in Sections A and B.

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Dining Rate Increase Breakdown:

A. Operational Increases	1.4%
B. Cost of Food	<u>2.6%</u>
Total Bronze Dining Plan Increase	4.0%

A. Operational Increases

Operational costs for food services are based on increases for supplies and services associated with the Consumer Price Index (CPI). As with housing rates, compensation requirements other than salary increases are covered in this proposal.

B. Cost of Food

The CPI for Food in the Seattle area has outpaced the general CPI rates for the past four years. Considering cost of food increases in setting dining plan rates will allow Housing and Food Services to help maintain the current relationship of rates to the buying power of the plan levels.

The Board Optional program has been renamed and restructured. It will be referred to as 'Dining Optional.' Dining Optional living areas have been changed from Hansee Hall and 2104 House to Stevens Court A-D and 2104 House, both of which have kitchen facilities that can support students who are not on dining plans. There will no longer be a premium room rate for students who select a room in Dining Optional areas, nor will there be a required dining plan.

3. Reserve Requirements/Debt Service Coverage Ratios

The recommended rates would allow the Housing and Dining System to remain financially stable and meet its bond obligations. Under provisions of the bond resolution, the System must maintain a ratio of net revenues to annual debt service of at least 1.25:1. Based on the proposed rate schedules and anticipated expenditures, coverage for the System for 2009-10 would be 2.10:1. If the Regents approve the funding for the first phase in May 2009, coverage is expected to drop to 1.3:1 by 2012. The recommended rates provide increasing reserve balances for the Strategic Master Plan for Housing.

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The long-range financial plan, developed as a basis for the Strategic Master Plan for Housing, calls for the Housing and Dining System to achieve a fund balance of \$12.8 million on June 30, 2010, \$3 million of which is necessary to maintain balances required by the bond resolutions. The budget supported by the proposed rates allows HFS to achieve this fund balance.

4. Consultation with Students:

On January 27, 2009, the operating budget and the need for adjustments to housing and dining rates were discussed with the budget subcommittee of the Residence Hall Student Association (RHSA). On January 28, the rates and meal plans were discussed with the Residence Hall Council. Letters detailing the rate proposal were sent to all residence hall students on January 28.

On February 2, the proposal was discussed at Hall Council meetings, with HFS staff available at all meetings to answer questions.

On January 28, letters were sent to all residents of single student apartments informing them of the proposed rate changes and inviting them to community meetings on February 9.

On January 28, letters were sent to all family housing apartment residents informing them of the proposed rates and inviting them to community meetings on February 9.

REVIEWS AND APPROVALS:

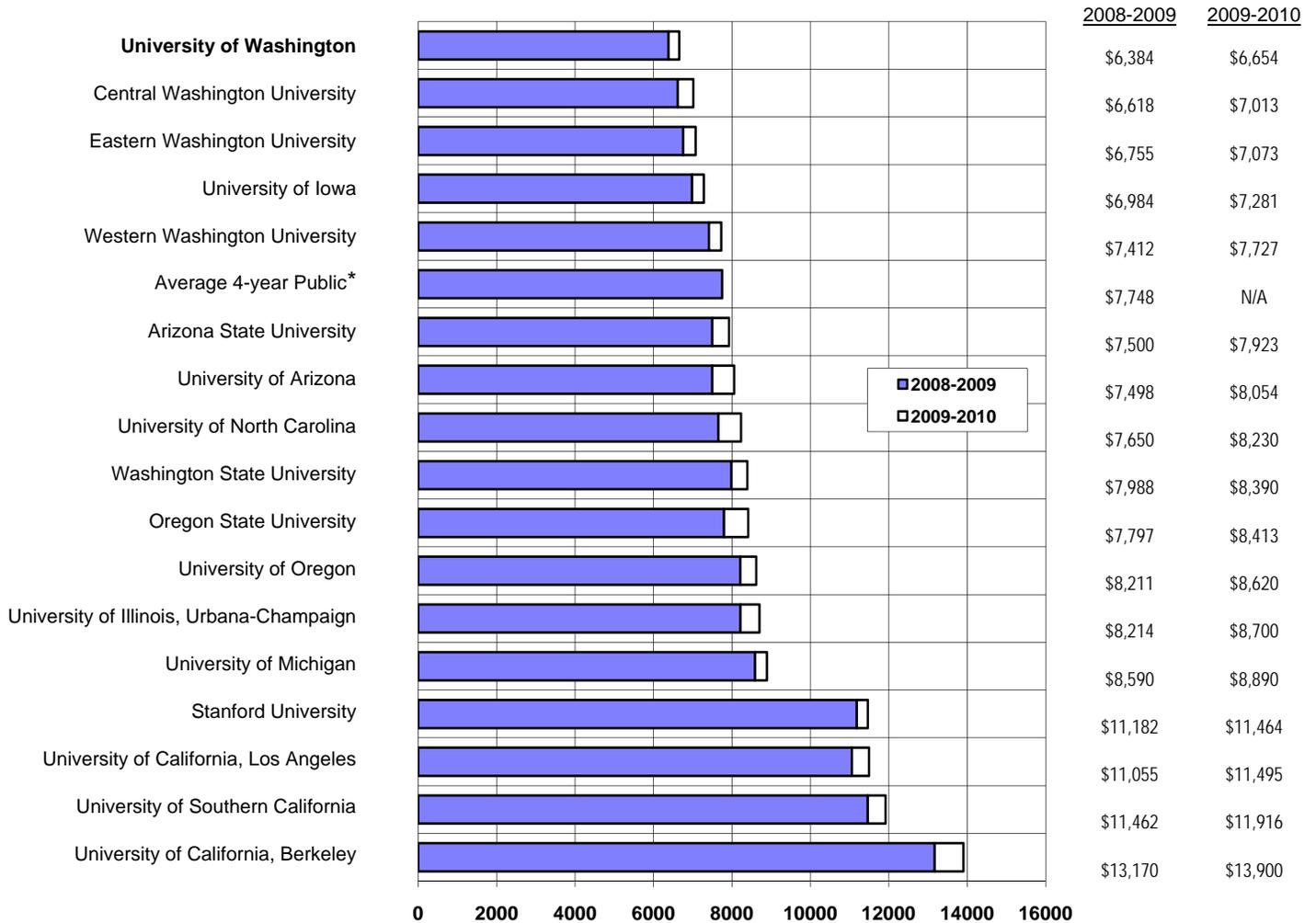
On February 4, 2009, the Residence Hall Student Association voted to endorse the rate proposal. These proposed adjustments have also been discussed with the presidents of GPSS and ASUW. The Vice President and Vice Provost for Student Life has reviewed and approved this recommendation.

Attachments:

1. Room and Board Rates of Comparable Universities, February 2009 Survey
2. Proposed 2009-10 Residence Hall Academic Year Rates
3. Proposed Monthly 2009-10 Single Student Apartment Rental Rates
4. Proposed Monthly 2009-10 Family Housing Apartment Rental Rates

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ROOM AND BOARD RATES OF COMPARABLE UNIVERSITIES



For comparative purposes, room costs for the schools named above are shown at the double room rate. Board plans vary widely in cost, depending on the types of programs offered. The board costs shown above reflect fixed meal plans ranging from 9 to 16 meals per week (or an equivalent level on a point system), unless a higher minimum meal plan is required. The amount of board included for the University of Washington is the Bronze Dining Plan - \$2,142 for 2009-2010.

* Trends in College Pricing 2008, College Board

N/A: Not available at time of survey.

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**PROPOSED 2009–10 RESIDENCE HALL ACADEMIC YEAR RATES
INCLUDING DINING ALTERNATIVES**

	ROOM TYPE ¹		
	Triple ²	Double	Single
Academic Year Room Rate	3,615	4,512	5,544
Husky Card Deposit ³	105	105	105
Bronze Dining Deposit	2,142	2,142	2,142
Total Room, Husky Card and Bronze Dining Deposit	5,862	6,759	7,791
Silver Dining Deposit	2,610	2,610	2,610
Total Room, Husky Card and Silver Dining Deposit	6,330	7,227	8,259
Gold Dining Deposit	3,183	3,183	3,183
Total Room, Husky Card and Gold Dining Deposit	6,903	7,800	8,832
Purple Dining Deposit	5,181	5,181	5,181
Total Room, Husky Card and Purple Dining Deposit	8,901	9,798	10,830

¹ Over 90 percent of residence hall rooms are included in these room types. Other limited room types are available, such as super singles and apartment space that has been converted for use in the residence hall system. Housing rates for these other room types have been increased at the 5.1 percent rate over the previous year.

² A triple is a room built to accommodate two residents, but which has been retrofitted to accommodate a third resident.

³ A \$105 Husky Card deposit is required of all residents and is completely refundable if not used.

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PROPOSED MONTHLY 2009-10 SINGLE STUDENT APARTMENT RENTAL RATES

Stevens Court A-D Academic Year Contract	Current Rate \$5,565	Proposed Rate 2009-10 \$5,811
Stevens Court J Month-to-Month Contract Four Bedroom	Current Rate \$633	Proposed Rate 2009-10 \$661

ATTACHMENT 3

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**PROPOSED MONTHLY 2009–10 FAMILY HOUSING
APARTMENT RENTAL RATES**

<u>Unit</u>	<u>Current Rate</u>	<u>Proposed Rate 2009-10</u>	<u>Private Market Rent 2008¹</u>	<u>Percentage Below Market</u>
Laurel/Blakeley				
Two Bedroom	800	819	1,322	38
Three Bedroom	880	901	1,657	46
Stevens Court Addition				
Small One Bedroom	691	708	1,060	33

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1. Source for private market rent: *Apartment Insights Washington*, Fourth Quarter, 2008. Average rents for Capitol Hill and University/North Area.