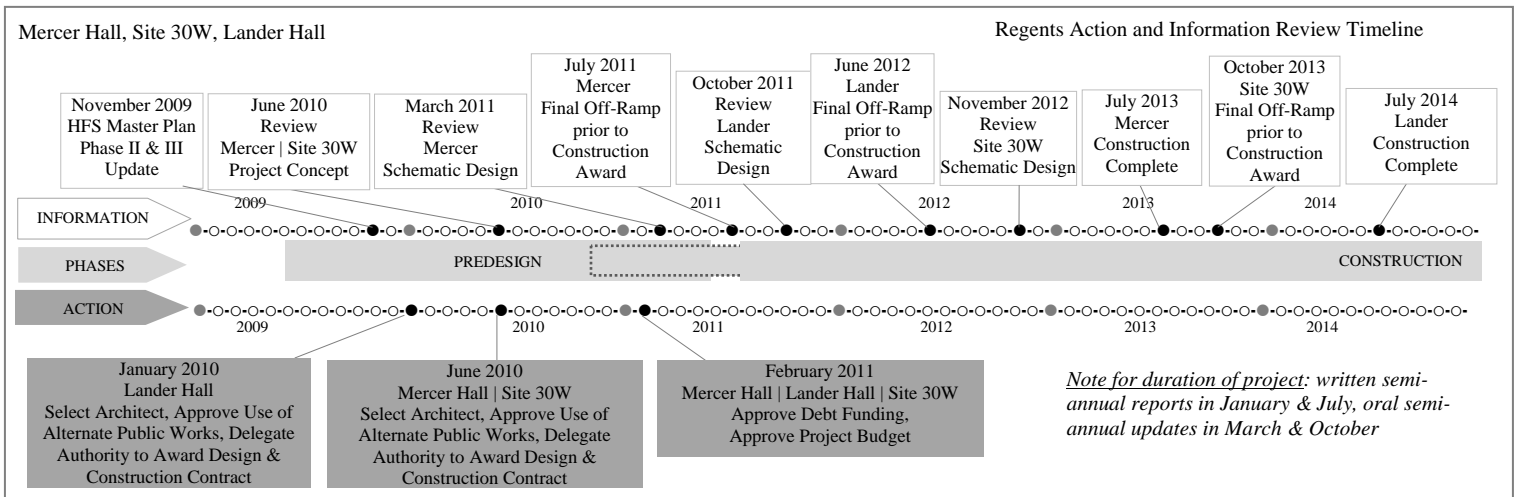


VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Status Report



INFORMATION

The purpose of this presentation is to provide a status report on the estimated demand for on-campus housing for Autumn Quarter 2011 and the progress of the Student Housing Phase I project. The previously submitted credit analysis for the Student Housing Phase II project identified this information as critical to the decision to continue with the construction of the Mercer Hall Replacement project. The Phase II credit analysis included three off-ramps; this is the first of those three off-ramps.

The Mercer Hall Replacement project (first) off-ramp identified a threshold of an estimated occupancy rate of 90% or greater of designed capacity for on-campus housing in Autumn Quarter 2011 and a lease rate for Cedar Apartments (as of the date of the off-ramp) of 85% as the basis for proceeding according to schedule. If this threshold was not met, the Mercer Hall Replacement project would be postponed or mitigation would be proposed to allow the project to proceed as planned.

The projected on-campus housing occupancy rate for Autumn Quarter 2011 is 118.7% of designed capacity and the total number of applications for Cedar Apartments exceeds the building's capacity. Having exceeded the off-ramp threshold, Housing and Food Services is proceeding with the Mercer Hall Replacement project as planned in the Student Housing Phase II project plan.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Status Report (continued p. 2)

Housing and Food Services is holding some apartment units open for returning and transfer students that have not been confirmed, so the lease rate for Cedar Apartments is presently at approximately 87.5% of capacity. However, any remaining apartments will be filled by the start of Fall Quarter with students whose applications have already been received.

The first two Student Housing Phase I projects, Cedar Apartments and Poplar Hall, are nearly complete and on schedule for occupancy in Autumn Quarter 2011. The other two buildings, Elm and Alder Halls, are under construction and on schedule for occupancy in Autumn Quarter 2012. When combined, the four campus residential facilities will provide 1,650 new beds. These new beds will allow Housing and Food Service to begin to meet some of the student housing demand for additional beds and allow the existing residence halls to be renovated as part of future phases by shifting students into the new residential facilities.

#### STATUS REPORT: DEMAND FOR ON-CAMPUS HOUSING

For Autumn Quarter 2011, the estimated occupancy within on-campus housing exceeds capacity. HFS carefully manages occupancy through a staggered application process for returning residents, incoming freshmen, incoming transfer students, and other students who are interested in living on campus. At this off-ramp, the priority application processes for returning residents and incoming freshmen are complete although additional applications are being received. Applications from other groups including transfer students, graduate/professional, and continuing students, also continue to be received.

Students who live on campus in residence facilities during the Spring Quarter are given the opportunity to apply for on-campus housing for the following academic year. The estimated number of returning students at the start of Autumn Quarter 2011 is 2,101. This is a projected return rate of 39.3% which is consistent with previous years. Applications from in-coming freshmen continue to be received. The number of incoming freshmen applications at Autumn Quarter 2011 opening is projected to be 3,963; an 11.8% percent increase from last year.

Historical data and close communications with the Office of Admissions are tools used to confidently forecast and manage demand as compared to availability. Applying estimated attrition rates for each of the student populations results in a forecasted occupancy for the housing system for Autumn Quarter 2011 of 118.7% of designed capacity with approximately 445 students on a waitlist.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

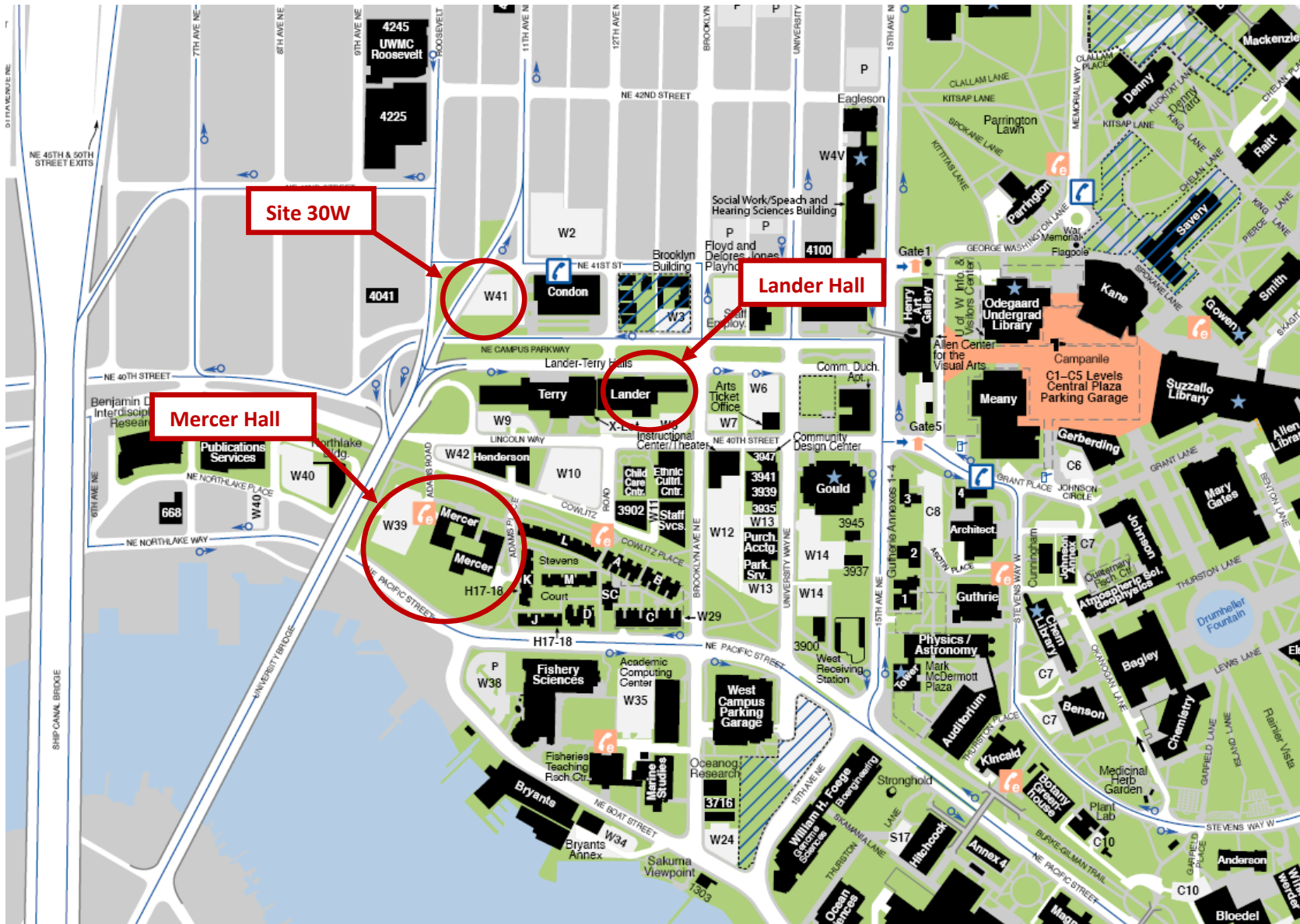
#### Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Status Report (continued p. 3)

A market rent study completed in May 2011 by Kidder Mathews supports the development of the phase II student housing projects. In addition, the complete lease up of Cedar Apartments is direct evidence of demand for on-campus apartments and that the rental rates are competitive. According to the study, market rental rates have recovered to near pre-recession levels and the record low construction activity will result in a rental shortage and sharply increasing rental rates thru 2014. The rates for Cedar and Mercer apartments are in the high end of the range of surveyed apartments in the Kidder Mathews study but can be considered competitive due to the package of goods and services targeted at University of Washington students; this is reinforced by the swift rent-up of Cedar Apartments. The study confirms an increasing demand for rental housing in the University District and the Seattle market. The demand is attributed to reduced access to home mortgages, longer-term lack of confidence in home buying in general, employment growth and a demographic shift toward a younger, traditionally rent oriented group. Given these assumptions, the Kidder Mathews' forecast projects vacancy rates should remain below historic averages through 2013 along with healthy rent growth.

#### *Attachment*

#### Student Housing Phase II Locations Map

# STUDENT HOUSING PHASE II LOCATIONS MAP



ATTACHMENT