

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee****2011–12 Residence Hall, Single Student Apartment and Family Housing 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 2011–12 room/apartment 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, 2011.

The proposed residence hall room and dining rates for 2011–12 represent a net increase of 5.1 percent (\$354), from \$6,996 in 2010–11 to \$7,350 in 2011–12, for first-year students with the most common room type and minimum required dining plan (a traditional\* double room with the Level 1 dining plan). For students returning to on-campus housing for 2011–12, the proposed rates represent a 3.1 percent (\$219) increase, from \$6,996 in 2010–11 to \$7,215 in 2011–12 considering the most common room type and minimum required dining plan (a traditional double room with the Level RR dining plan). The proposed rates for a standard double compare favorably with the same room type at other higher education institutions, which were surveyed in February 2011 (Attachment 1).

**BACKGROUND:****1. Room Rates**

The proposed room rates reflect an increase of 5 percent for residence halls and single student apartments and 3 percent for Family Housing. For the residence halls, the rate for a traditional double room represents an increase of \$240 for the academic year (Attachment 2). For the single student apartment academic year contract, the increase is \$309 (Attachment 3). For Family Housing, the increase ranges from \$22–28 per month, depending on unit size and location (Attachment 4). A breakdown of the expense increases are shown below, along with further discussion of the line items in sections A and B.

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\* Note: A “traditional double room” is defined as a double occupancy bedroom with access to a bathroom shared with hall-mates.

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#### 2011–12 Residence Hall, Single Student Apartment and Family Housing Rate Adjustments (continued p. 2)

	<b>Residence Halls</b>	<b>Single Student Apartments</b>	<b>Family Housing</b>
A1. Operational Increases	2.0%	2.0%	1.7%
A2. Utilities—Telecom/Power, Waste, Water	1.0%	1.0%	1.3%
B. Housing Master Plan ( <i>approved March 2008</i> )	<u>2.0%</u>	<u>2.0%</u>	<u>0.0%</u>
Total Room Rate Increase	5.0%	5.0%	3.0%

The practice 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 & Food Services (HFS) anticipates a 3 percent increase in normal operating expenses during fiscal year 2011–12. This anticipated increase is higher than the projected 1.8 percent increase given in the Seattle Consumer Price Index for 2012 (*Washington Economic and Revenue Forecast*, November 2010, Office of the Forecast Council), for the reasons cited below.

Compensation requirements including mandated step increases for contract classified staff, estimated benefit load changes, and room and dining compensation changes are covered in this proposal. Minimal increases have been included for contractual increases in supplies and services.

The portion of the rate increase associated with power, water and waste was based on utility forecasts from the University of Washington (UW) Power Plant, UW Recycling and Solid Waste, and the city of Seattle, which range from 2.2 percent to 11 percent depending on the utility. Utilities account for approximately 23 percent of the housing budget.

#### *B. Housing Master Plan*

In March 2008, the Regents approved an annual 2 percent increase for the Housing Master Plan. The 2 percent increase in rates reflects the annual rate increase needed in order to sustain the new debt load that will be incurred in developing new student housing. The 2 percent increase will be reviewed in later phases of the Housing Master Plan and will be discontinued when rates

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are sufficient to maintain minimum debt service coverage and operating reserve requirements.

Proposed rates for Cedar Apartments and Poplar Hall were established during the development of the Housing Master Plan and finalized during the analysis of the financial feasibility of Phase I. These rates are consistent with the information shared in previous Board meetings regarding the comparison of new product to existing housing options. These rates are listed in Attachment 2 and Attachment 3. (Attachment 6 is a comparison of Cedar Apartments and several University District apartment properties.)

### **2. Dining Rates**

HFS is proposing a revised dining plan for 2011–12. The proposed plan expands the number of levels or options available to students and provides an incentive when students purchase higher levels (Attachment 5). The revised plan is the result of a year-long review and evaluation of students' dining habits and the perceived value of the dining program. Data pertaining to students' use of the dining program and from surveys and focus groups informed the proposed changes as well as the minimum levels identified for returning students and freshmen who live in the residence halls. For 2010–11, the minimum plan level was the Bronze plan at \$732 per quarter. In 2011–12, freshmen will be required to purchase a Level 1 plan at \$770 per quarter, which includes \$23 in incentive dollars (additional purchasing power above the actual cost of the plan). The actual increase in the proposed minimum plan required of freshmen is 2 percent or \$15. In 2010–11, 67 percent of freshmen students spent, per quarter, an average amount at or above the proposed Level 1 dining plan.

### **3. Reserve Requirements/Debt Service Coverage Ratios**

The recommended rates will allow the Housing and Dining System (System) to remain financially stable and meet its external bond covenant 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 2011–12 would exceed this threshold.

The recommended rates provide increasing HFS System reserve balances for meeting minimum requirements under existing external bond covenants and ILP financing agreements. The System is forecast to achieve a fund balance of \$22.8

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million on June 30, 2012, including a total reserve requirement of approximately \$12.4 million. The budget supported by the proposed rates allows HFS to achieve this fund balance.

#### **4. Consultation with Students**

On January 31, 2011, 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 February 2, 2011, the housing and dining rates were discussed with the RHSA General Council. Letters detailing the rate proposal were sent to all residence hall students on February 2, 2011.

On February 2, 2011, 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, 2011.

On February 2, 2011, letters were sent to all Family Housing apartment residents informing them of the proposed rates and inviting them to community meetings on February 9, 2011.

On February 7, 2011, the proposal was discussed at Hall Council meetings with HFS staff available to answer questions.

On February 9, 2011, community meetings were held in Stevens Court (for residents of single-student apartments) and Laurel Village (for residents of Family Housing).

#### REVIEWS AND APPROVALS:

On February 9, 2011, RHSA voted to endorse the rate proposal. These proposed adjustments have also been discussed with the presidents of the UW Graduate and Professional Student Senate, the Associated Students of the UW, and the Student Regent. The Vice President and Vice Provost for Student Life has reviewed and approved this recommendation.

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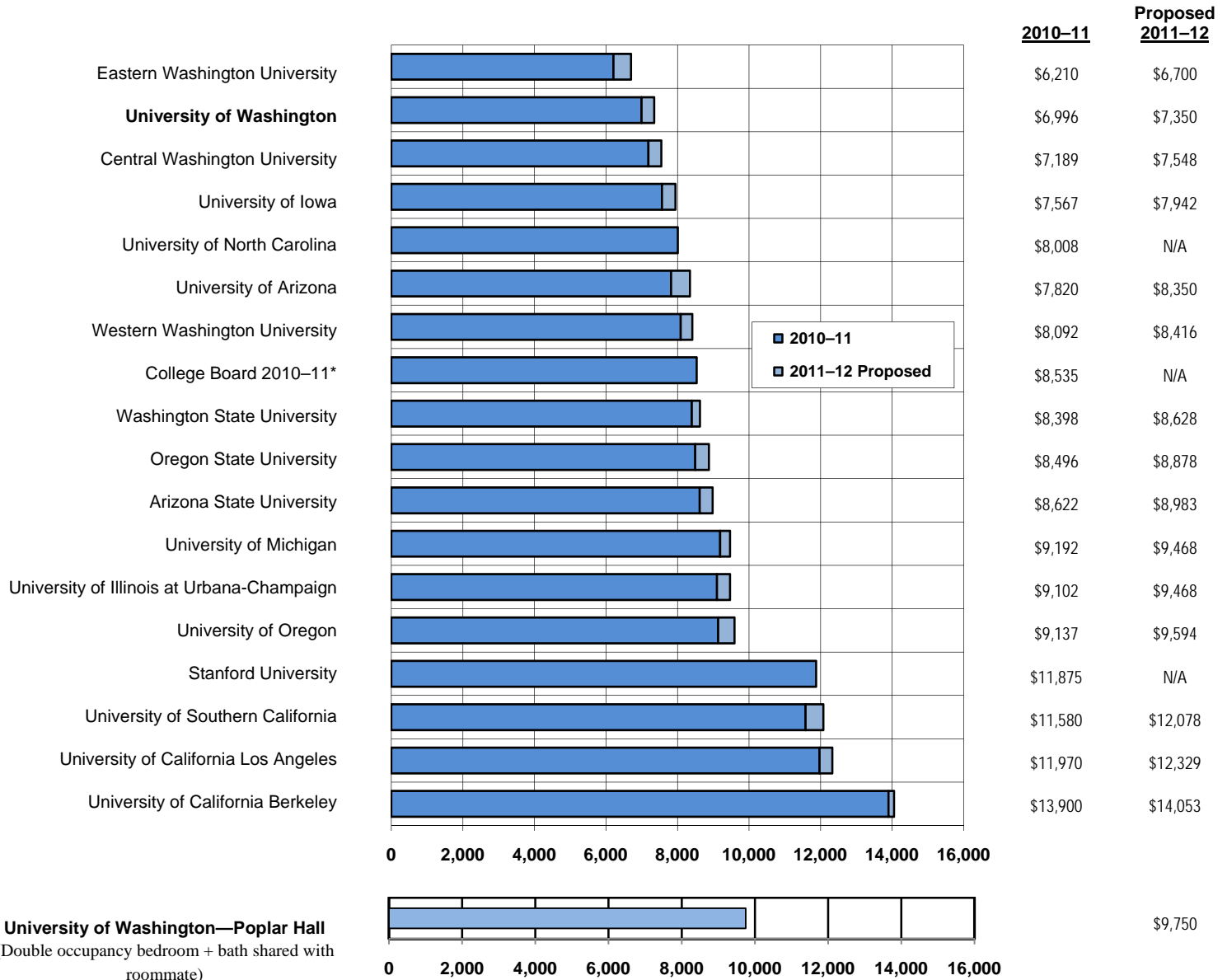
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*Attachments*

1. Room and Dining Rates of Comparable Universities
2. Proposed 2011–12 Residence Hall Academic Year Rates
3. Proposed 2011–12 Single Student Apartment Rates
4. Proposed 2011–12 Family Housing Apartment Monthly Rates
5. Proposed 2011–12 Dining Plan Structure and Rates
6. Comparative Apartment Report

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**ROOM AND DINING 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 dining costs shown above reflect fixed dining plans ranging from 9 to 16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of dining included for new residents at the University of Washington is the Level 1 dining plan (\$2,310 for 2011-12). The amount for returning residents in Poplar Hall is Level RR (\$2,175 for 2011-12).

\* *Trends in College Pricing 2010*, College Board (The College Board is a nonprofit membership association in the United States composed of more than 5,700 schools, colleges, universities and other educational organizations. The College Board provides students a path to college opportunities, including financial support and scholarships and serves the education community through research and advocacy on behalf of students, educators, schools and colleges.)

N/A: Not available at time of survey

ATTACHMENT 1

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**PROPOSED 2011–12 RESIDENCE HALL ACADEMIC YEAR RATES  
INCLUDING DINING ALTERNATIVES**

	<b>Room Type<sup>1</sup></b>			
	<b>Triple<sup>2</sup></b>	<b>Double</b>	<b>Single</b>	<b>Poplar Double</b>
Academic Year Room Rate	\$4,038	\$5,040	\$6,192	\$7,575
Husky Card Deposit <sup>3</sup>	105	105	105	105
Level RR Dining Deposit	2,175	2,175	2,175	2,175
Total Room, Husky Card and Level RR Dining Deposit	6,318	7,320	8,472	9,855
Level 1 Dining Deposit	2,310	2,310	2,310	2,310
Total Room, Husky Card and Level 1 Dining Deposit	6,453	7,455	8,607	9,990
Level 2 Dining Deposit	2,640	2,640	2,640	2,640
Total Room, Husky Card and Level 2 Dining Deposit	6,783	7,785	8,937	10,320
Level 3 Dining Deposit	2,970	2,970	2,970	2,970
Total Room, Husky Card and Level 3 Dining Deposit	7,113	8,115	9,267	10,650
Level 4 Dining Deposit	3,300	3,300	3,300	3,300
Total Room, Husky Card and Level 4 Dining Deposit	7,443	8,445	9,597	10,980
Level 5 Dining Deposit	3,960	3,960	3,960	3,960
Total Room, Husky Card and Level 5 Dining Deposit	8,103	9,105	10,257	11,640
Level 6 Dining Deposit	5,310	5,310	5,310	5,310
Total Room, Husky Card and Level 6 Dining Deposit	9,453	10,455	11,607	12,990

<sup>1</sup> Over 86 percent of residence hall rooms are included in these room types. Other limited room types are available, including *super singles* and apartment space that has been converted for use in the residence hall system.

<sup>2</sup> A *triple* is a room built to accommodate two residents that has been retrofitted to accommodate a third resident.

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

ATTACHMENT 2

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**PROPOSED 2011–12 SINGLE STUDENT APARTMENT RATES**

<b>Stevens Court Buildings A–D Academic Year Rate</b>	<b>Current Rate</b>	<b>Proposed Rate 2011–12</b>
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	\$6,183	\$6,492
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<b>Stevens Court Buildings J &amp; M Monthly Rate</b>	<b>Current Rate</b>	<b>Proposed Rate 2011–12</b>
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	\$703	\$738
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<b>Cedar Apartments (Autumn 2011) Monthly Rate</b>	<b>Proposed Rate 2011–12</b>
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Four Bedroom (304)	\$979
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Two Bedroom (20)	\$979
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Studio (20)	\$1,011
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**PROPOSED 2011–12 FAMILY HOUSING APARTMENT MONTHLY RATES**

Unit	Current Rate	Proposed Rate 2011–12	Private Market Rent 2010 <sup>1</sup>	Percentage Below Market
<b>Blakeley/Laurel Village</b>				
Two Bedroom	\$836	\$861	\$1,370	37%
Three Bedroom	\$920	\$948	No similar product	40% below 3 BR, 1 BA
<b>Stevens Court Buildings J &amp; M</b>				
One Bedroom	\$807	\$831	\$1,089	24%
Small One Bedroom	\$723	\$745	No similar product	15% below Studio

<sup>1</sup> Source for private market rent: *Apartment Insights Washington*, Fourth Quarter, 2010. Average rents for Capitol Hill and the University/North Area.

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**PROPOSED 2011–12 DINING PLAN STRUCTURE AND RATES**

<b>Residential Dining Plan</b>	<b>Most Similar to</b>	<b>Rate Inc/Dec to 2010–11 Plans</b>	<b>Quarter Cost</b>	<b>Quarter Value</b>	<b>Quarterly Plan % Bonus</b>
Level RR (Minimum for Returning Residents)	Bronze (\$732)	-1%	\$725	\$725	0%
Level 1 (Minimum for New Residents)	Bronze (\$732)	5%	\$770	\$793	3%
Level 2	Silver (\$892)	-1%	\$880	\$915	4%
Level 3	N/A	0%	\$990	\$1,030	4%
Level 4	Gold (\$1,088)	1%	\$1,100	\$1,155	5%
Level 5	N/A	0%	\$1,320	\$1,386	5%
Level 6	Purple (\$1,770)	0%	\$1,770	\$1,894	7%

ATTACHMENT 5

**UNIVERSITY DISTRICT PRIVATE SECTOR  
COMPARATIVE APARTMENT REPORT (AUTUMN 2010)  
COMPARISON TO UW CEDAR APARTMENTS  
(HOUSING MASTER PLAN PHASE I, OPENING AUTUMN 2011)**

<b>Building</b>	<b>Apt. Config.</b>	<b>Sq. Ft.</b>	<b>Monthly Rent<sup>2,3</sup></b>	<b>Monthly Rate Per Bed<sup>3</sup></b>	<b>Price Per Sq. Ft.<sup>3</sup></b>	<b>Property Age</b>
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UW Cedar Apts (HMP Phase I)	2 BR, 1 BA	730–880	\$1,958	\$979	\$2.25–2.68	Open Autumn 2011
	4 BR, 2 BA	1106–1332	\$3,916	\$979	\$2.94–3.54	Open Autumn 2011

TraVigne	2 BR, 2 BA	854–938	\$1753–2253	\$876.50–1126.50	\$2.05–2.40	2009
Lorthlorian	2 BR, 1 BA	900	\$2049–2249	\$1024.50–1124.50	\$2.28–2.50	2010
The Kennedy	2 BR, 1 BA	750–863	\$1908–3559	\$954–1179.50	\$2.54–4.12	2005
Helix-Ellipse	2 BR, 1 BA	857–1167	\$2053–2628	\$1026.50–1314	\$2.25–2.40	2009
Trinity on 43rd	2 BR, 1 BA	841	\$2054–2454	\$1027–1227	\$2.44–2.92	2009

Nordheim Court (Public-Private)	2 BR, 1 BA	594–756	\$1,946	\$973	\$2.57–3.28	2003
	4 BR, 2 BA	1200–1340	\$3272–3472	\$818–868	\$2.59–2.73	2003
Acacia Court	2 BR, 1 BA	425	\$1,171	\$585.50	\$2.76	2004
Ivy Ridge	2 BR, 1 BA	700	\$1749–1849	\$874.50–924.50	\$2.50–2.64	1999

<sup>1</sup> Apartments selected based on proximity, age, amenities and/or unit types.

<sup>2</sup> Monthly rent is for the entire apartment unit, not just individual beds.

<sup>3</sup> All costs listed include the cost of utilities and furniture.

Shaded: UW Cedar Apartments (Housing Master Plan Phase I, opening autumn 2011).

Top section: True comparables based on age, amenities and/or overall building appeal.

Bottom section: Units more like Cedar Apartments, but older and lacking similar amenities and services.

Utilities have been estimated based on multiple sources, including average actuals from HFS apartments, market research and financial aid surveys.