

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

UW Seattle 2013–14 Residence Hall, Single Student Apartment and Family Housing Rate AdjustmentsRECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve the proposed UW Seattle 2013–14 room/apartment and dining rates for the residence halls, single student apartments and Family Housing, collectively termed the Housing and Dining System (System), making the proposed rates effective July 1, 2013.

With the opening of Mercer Court in autumn 2013, the midyear closure of Terry Hall and the opening of Lander Hall in January 2014, approximately 53 percent of all double rooms will be new hall doubles and 43 percent will be traditional hall doubles.* The proposed residence hall room and dining rates for 2013–14 represent a net increase of 4.0 percent (\$306), from \$7,653 in 2012–13 to \$7,959 in 2013–14 for students in a traditional hall double with the most common Dining Level, Dining Level 1. For first-year students in new hall doubles with Dining Level 1, this represents a 4.1 percent (\$423) increase, from \$10,329 in 2012–13 to \$10,752 in 2013–14. For students returning to on-campus housing for 2013–14, the proposed rates represent a 4.0 percent (\$303) increase, from \$7,518 in 2012–13 to \$7,821 in 2013–14 for a traditional hall double and the minimum required Dining Level, Dining Level RR. The proposed rates for a traditional hall double compare favorably with the same room type at other higher education institutions, which were surveyed in February 2013 (Attachment 1). The proposed rates for the new hall doubles compare favorably with similar new room types at other Pac-12 institutions surveyed in 2012–13 (Attachment 2).

BACKGROUND1. Room Rates

The proposed room rates reflect an increase of 4.4 percent for residence halls and single student apartments with the exception of Stevens Court A–D. The proposed rate increase for Stevens Court A–D is 5.4 percent. Stevens Court A–D has a higher proposed increase for the purpose of creating equity in our housing stock rates based on type and contract length.

The proposed rates for Family Housing apartments reflect an increase of 2.7 percent. For the residence halls, the rate for a traditional hall double represents an increase of \$234 for the academic year (Attachment 3). For a new hall double with a private bath, the rate represents a \$351 increase.

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For the single student apartment academic year contract, the increase is \$369. For single student apartments on a month-to-month lease for 12 months, the increase ranges from \$34–45 per month depending on unit size (Attachment 4).

For Family Housing, the increase ranges from \$21–26 per month depending on unit size and location (Attachment 5). A breakdown of the rate percent increases is shown below along with further detail 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	1.3%	1.3%	1.0%
A2. Utilities—Telecom, Power, Waste, Water	1.1%	1.1%	1.7%
B. Housing Master Plan (approved March 2008)	<u>2%</u>	<u>2%</u>	<u>0%</u>
Total Room Rate Increase	4.4%	4.4%	2.7%

The practice of maintaining Family Housing rates below those of the private market is reflected in this recommendation (Attachment 5).

A1 and A2. Operational Increases and Utilities

The Department of Housing & Food Services (HFS) anticipates a 2.4 percent increase in normal operating expenses during fiscal year 2013–14 for residence halls and single student apartments and a 2.7 percent increase for Family Housing. These anticipated increases are slightly higher than the projected 2.3 and 2.1 percent increases given in the Seattle Consumer Price Index for the 2013 and 2014 calendar years, respectively (*Washington Economic and Revenue Forecast*, November 2012, Office of the Forecast Council), for the reasons cited below.

Compensation requirements including mandated step increases for contract classified staff, minimum wage increases, staff organizational changes, 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 telecommunications, electricity, water and waste is based on utility forecasts from University of Washington (UW) IT, UW Power Plant, UW Recycling and Solid Waste, and various public utilities,

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which range from a -5 percent to +15 percent depending on the utility. Utilities account for approximately 26 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 to sustain the new debt load to 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 are sufficient to maintain minimum debt service coverage and operating reserve requirements.

Mercer Court will open for academic year 2013–14. The community will offer three assignment types: two people per bedroom with an academic year agreement (primarily for undergraduates), one person per bedroom with an academic year agreement, and one person per bedroom with a full-year agreement (reserved for graduate and professional students). This configuration was devised in an effort to address occupancy management constraints as the remainder of the Housing Master Plan is completed.

2. Dining Rates

HFS is proposing a 3.1 percent rate increase in all Dining Levels (Attachment 6). This increase is to maintain the buying power of each level from year to year and offset price increases at the point of purchase. The increase in expenses reflects compensation requirements as they apply to dining staff as noted above in section 1.A1 and represents .5 percent of the increase. Increase in the cost of food represents the balance, 2.6 percent. This increase is based on an evaluation of actual cost of food increases experienced over the last 12 months by UW Dining in the most heavily purchased items.

3. Reserve Requirements and Debt Service Coverage Ratios

The recommended rates will allow the System to remain financially stable and meet its Internal Lending Program (ILP) obligations. Under provisions of the ILP, 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 2013–14 will exceed this threshold.

The recommended System rates increase reserve balances to meet minimum reserve requirements under the ILP financing agreement. The System is forecast

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to achieve a fund balance of \$29 million on June 30, 2014, including a total reserve requirement of approximately \$14.9 million. The budget supported by the proposed rates allows HFS to achieve this fund balance.

4. Consultation with Students

On January 24, 2013, the operating budget and the need for adjustments to room and dining rates were discussed with the HFS Director's round table of the Residence Hall Student Association (RHSA). On January 30, 2013, the room and dining rates were discussed with the RHSA General Council including representatives from residence halls and single student apartments. Letters detailing the rate proposal were sent to all residence hall and single student apartment residents on January 31, 2013.

On January 23, 2013, letters were sent to all Family Housing apartment residents informing them of the proposed rates and inviting them to a community meeting on January 30, 2013.

On January 30, 2013, a community meeting was held at Laurel Village for all residents of Family Housing.

On February 4, 2013, the proposal was discussed at Hall Council and single student apartment meetings.

REVIEWS AND APPROVALS

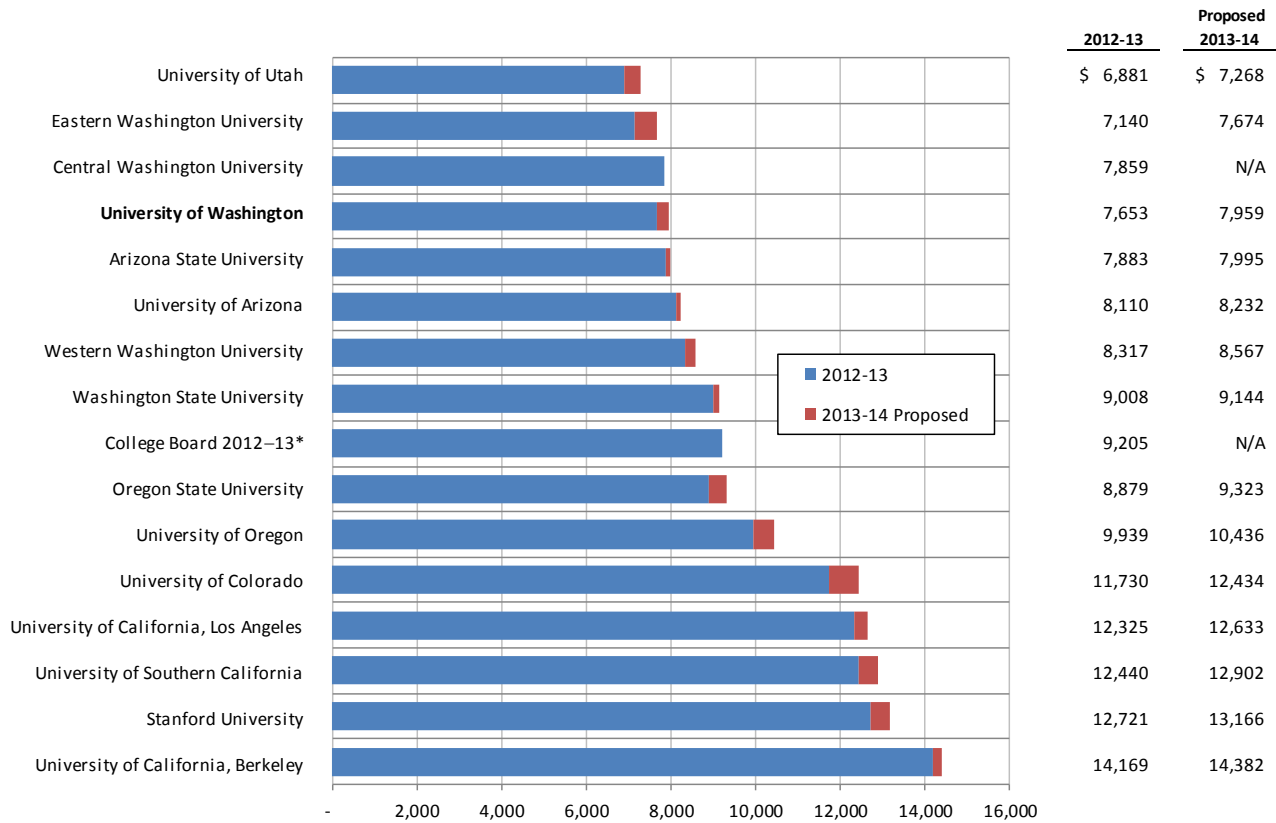
On February 6, 2013, RHSA voted to endorse the rate proposal. These proposed adjustments have also been discussed with the presidents of the UW Graduate and Professional Student Senate and the Associated Students of the UW as well as the Student Regent. The Vice President and Vice Provost for Student Life has reviewed and approved this recommendation.

Attachments

1. Room and Dining Rates of Comparable Universities, Traditional Double Room
2. Room and Dining Rates of Comparable Universities, Double with Bath
3. Proposed 2013–14 Residence Hall Academic Year Rates
4. Proposed 2013–14 Single Student Apartment Rental Rates
5. Proposed 2013–14 Family Housing Apartment Monthly Rental Rates
6. Proposed 2013–14 Academic Year Dining Rates

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**ROOM AND DINING RATES OF COMPARABLE UNIVERSITIES
PAC-12 AND WASHINGTON PEER UNIVERSITIES
TRADITIONAL DOUBLE ROOM**



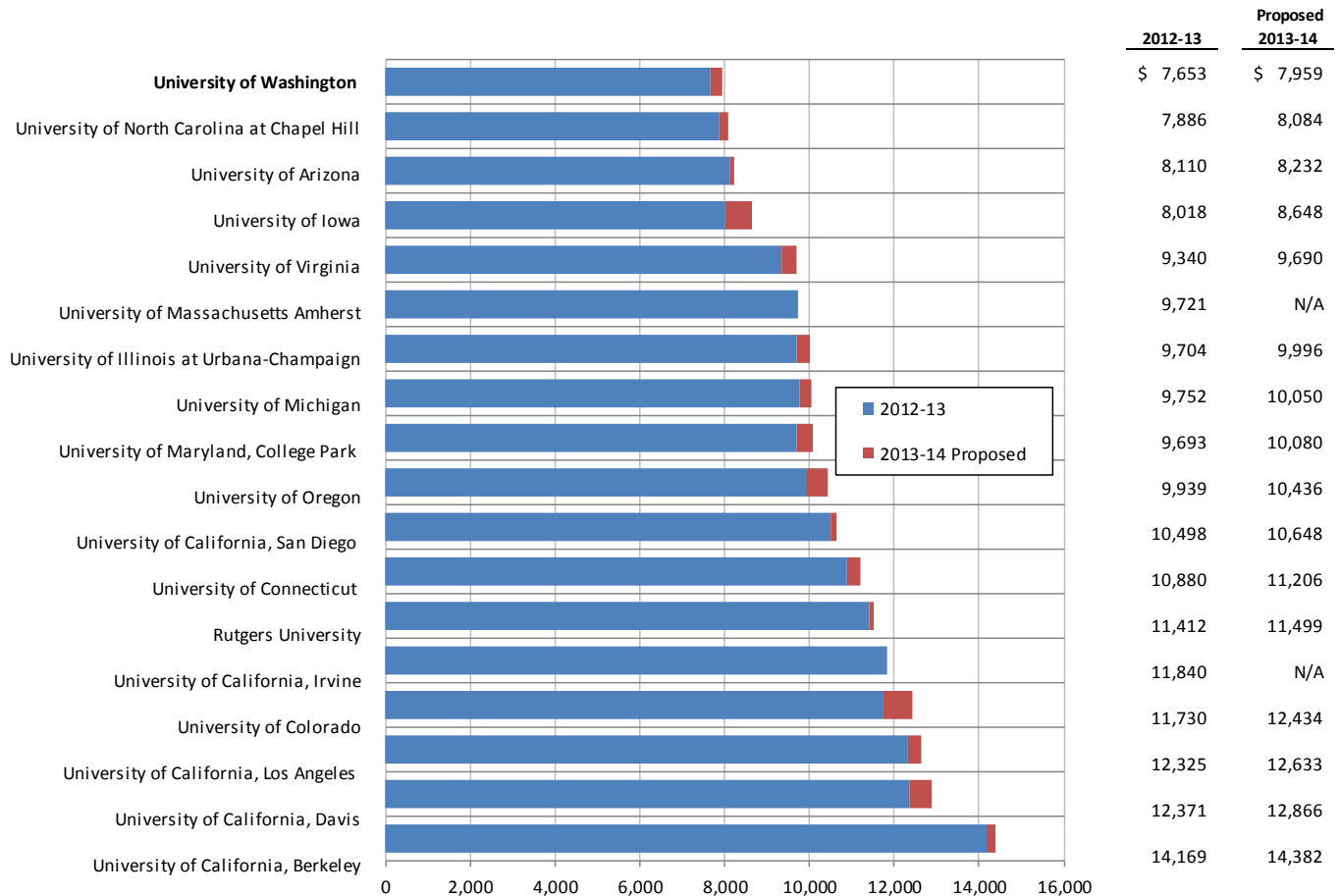
For comparative purposes, room costs for the schools named above are shown at the double room rate. Board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, \$2,409 for 2013–14.

*Trends in College Pricing October 2012, College Board

N/A: Not available at time of survey.

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**ROOM AND DINING RATES OF COMPARABLE UNIVERSITIES
OFM AND GLOBAL CHALLENGE UNIVERSITIES
TRADITIONAL DOUBLE ROOM**

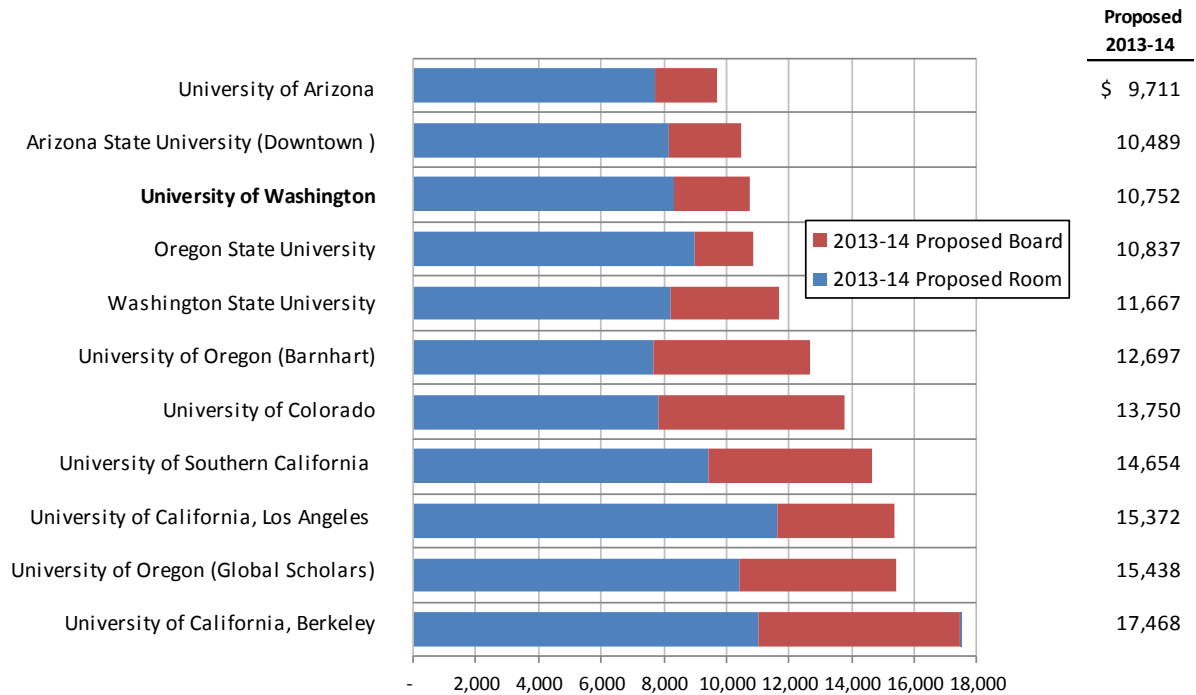


For comparative purposes, room costs for the schools named above are shown at the double room rate. Board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 9–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, \$2,409 for 2013–14.

N/A: Not available at time of survey.

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**ROOM AND DINING RATES OF COMPARABLE UNIVERSITIES
DOUBLE WITH BATH**



For comparative purposes, board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, \$2,409 for 2013–14.

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**PROPOSED 2013–14 RESIDENCE HALL ACADEMIC YEAR RATES
INCLUDING DINING ALTERNATIVES**

	Room Type¹		
	<u>Double</u>	<u>Single</u>	<u>Double w/ Private Bath²</u>
Academic Year Room Rate	\$5,550	\$6,822	\$8,343
Husky Card Deposit ³	105	105	105
Dining Level RR Deposit	2,271	2,271	2,271
Total Room, Husky Card and Dining Level RR Deposit	7,926	9,198	10,719
Dining Level 1 Deposit	2,409	2,409	2,409
Total Room, Husky Card and Dining Level 1 Deposit	8,064	9,336	10,857
Dining Level 2 Deposit	2,754	2,754	2,754
Total Room, Husky Card and Dining Level 2 Deposit	8,409	9,681	11,202
Dining Level 3 Deposit	3,099	3,099	3,099
Total Room, Husky Card and Dining Level 3 Deposit	8,754	10,026	11,547
Dining Level 4 Deposit	3,444	3,444	3,444
Total Room, Husky Card and Dining Level 4 Deposit	9,099	10,371	11,892
Dining Level 5 Deposit	4,131	4,131	4,131
Total Room, Husky Card and Dining Level 5 Deposit	9,786	11,058	12,579
Dining Level 6 Deposit	5,541	5,541	5,541
Total Room, Husky Card and Dining Level 6 Deposit	11,196	12,468	13,989

¹ Over 90 percent of residence hall rooms are included in these room types. Limited other room types are available, such as super singles. Triple rooms will not be used unless required by student demand.

² Doubled rooms in Mercer Court A and B will be at the same rate as double rooms with private baths.

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

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PROPOSED 2013–14 SINGLE STUDENT APARTMENT RENTAL RATES

<u>Unit</u>	<u>Contract Period</u>	<u>Current Rate</u>	<u>Proposed 2013–14 Rate</u>
Stevens Court A–D Four and Six Bedroom	Academic Year	\$6,849	\$7,218
Stevens Court J–M Four Bedroom	12 Month	778	812
Cedar Apartments Studio	12 Month	1,067	1,112
Two Bedroom	12 Month	1,032	1,076
Four Bedroom	12 Month	1,011	1,056
Mercer Court C Studio	Academic Year	N/A	11,028
Two Bedroom	Academic Year	N/A	10,665
Three and Four Bedroom	Academic Year	N/A	10,449
Five and Six Bedroom	Academic Year	N/A	10,800
Mercer Court D and E Studio	12 Month	N/A	1,112
Two Bedroom	12 Month	N/A	1,076
Three and Four Bedroom	12 Month	N/A	1,056
Five and Six Bedroom	12 Month	N/A	1,092

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**PROPOSED 2013–14 FAMILY HOUSING APARTMENT
MONTHLY RENTAL RATES**

Unit	Current Rate	Proposed 2013–14 Rate	2012 Private Market Rent¹	Percentage Below Market
Laurel/Blakeley Village				
Two Bedroom	\$887	\$911	\$1,469	38%
Three Bedroom	976	1,002	No identical product	44% below 3 Br/1+ Bath
Stevens Court J–M				
One Bedroom	856	879	\$1,272	31%
Small One Bedroom	767	788	No identical product	22% below Studio

¹ Source for private market rent: *Apartment Insights Washington*, fourth quarter, 2012.
Average rents for Capitol Hill and University District/North Area.

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PROPOSED 2013–14 ACADEMIC YEAR DINING RATES

Residential Dining Plan	2012–13 Cost	Proposed 2013–14 Cost	Annual Increase	2013–14 Value	Plan Bonus
Level RR	\$2,202	\$2,271	\$69	\$2,271	0%
Level 1	2,337	2,409	72	2,481	3
Level 2	2,670	2,754	84	2,865	4
Level 3	3,006	3,099	93	3,222	4
Level 4	3,339	3,444	105	3,615	5
Level 5	4,008	4,131	123	4,338	5
Level 6	5,373	5,541	168	5,829	5