

STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2017-18 Student Housing Rental Rates at UW Bothell

RECOMMENDED ACTION

It is the recommendation of the Administration and the Finance and Asset Management Committee that the Board of Regents approve the proposed 2017–18 student housing rates for the University of Washington Bothell, making the proposed rates effective July 1, 2017.

BACKGROUND

The UW Bothell Housing and Residential Life program continues to play a vital role within in the University’s mission by providing a residential community that supports student development with a focus on personal and academic success. UW Bothell launched the student housing program in 2009 and continues to provide the opportunity for students to live and learn amongst their peers in a collegial environment. The Housing and Residential Life Program is currently comprised of shared and private bedroom options within apartment style units, for a total of 273 beds.

OPERATIONS

UW Bothell Housing and Residential Life recommends a 0% rate increase to the housing rates for the 2017-18 academic year. Through the annual fiscal review process, while some categories of expenses are expected to increase, the Housing Program is able to offset such increases by utilizing expense reduction strategies, the Internal Lending Program (ILP) interest rate reduction, and projected revenue increases that are all outlined in the section below. UW Bothell will not be raising housing rates for FY18.

The student housing program opened the 2016-17 academic year with 116 students on the application waitlist. UW Bothell Enrollment Management recently requested additional on-campus bed inventory to support out-of-area student housing for the incoming class of 2017-18. In order to increase the possible bed count within the existing apartment inventory, the program will introduce a new triple bedroom rate option for the 2017-18 academic year. This new option allows the program to expand bed count by up to 35 new beds within existing building inventory.

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STRATEGY FOR ANALYZING NECESSITY OF OPERATIONAL CHANGES

UW Bothell Housing and Residential Life approaches the annual budget development process under the following grounded parameters:

1. When initiating the budget development process, we first assume no new revenues from rents.
2. To the extent possible, we do not increase funds for any program or service that cannot be tied to a documented increase in the cost of the materials, labor or other resources needed to deliver that program or service as it exists today.
3. Without justification, we do not add any program or services without eliminating something of equal or greater cost.
4. Continue to pursue an increase in existing student housing inventory offerings without incurring negative impact to the existing resident population.
5. To the extent possible, we seek off-sets to expense increases in the form of expense savings and/or increased revenue that does not come from rent.

This process includes review and analysis of current fiscal year revenues and expenditures, historical data, research into future expense levels and evaluation of other variables that may or will impact the budget. Proposed changes in housing rates are the result of determining the budget needed for the upcoming fiscal year.

Last year, the Housing and Residential Life program was approved for a 3.6% increase to the housing rates for the 2016-17 academic year. The rate adjustment supported needed increases for costs including facility maintenance, wage increases, program development and utilities.

Therefore, for the 2017-18 year, we followed the budget review strategy outlined above and conducted a thorough review of all expense categories to identify expense savings and explore options for additional revenue generation. The resulting proposed rate increase of 0% maintains financial health of the program and without additional significant expense reduction strategies that would negatively impact the operations. Offsets to the anticipated expense escalations come through a reduction to the ILP interest rate for Husky Village Apartments, planned revenue increases for summer conference housing, and expected positive

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outcomes from a Lean process improvement project underway at UW Bothell Facilities Services related to the summer housing custodial turns.

Overview of Housing Rate Proposal

<u>Student Housing Expenses</u>	<u>Student Housing Rate Increase</u>
Escalations:	
Rental Property Costs	1.04%
Facility Maintenance & Utilities	0.74%
<u>Labor</u>	<u>2.62%</u>
Total Expense Escalations	4.4 %
Offsets:	
ILP Reduction	-2.1%
Custodial Turns	-0.7%
<u>Summer Conference Revenue</u>	<u>-1.6%</u>
TOTAL ROOM RATE INCREASE	0.0%

PROPOSED RATES

Bedroom Type	Housing Occupancy Term	Current 2016-17 Annual Rate	Proposed 2017-18 Annual Rate	Total Increase
Double Bedroom	Academic Year	\$8,529	\$8,529	\$0
Single Bedroom	Academic Year	\$11,637	\$11,637	\$0
<u>*NEW*</u> Triple Bedroom	Academic Year	Not offered previously	\$7,500	\$0

The proposed room rates for 2017-18 reflect the 0% adjustment and the new Triple Bedroom option which realizes a 12% reduced rate from the shared bedroom rate and a 36% reduction from the single bedroom rate.

Reserve Requirements and Debt Service Coverage Ratios

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The budget supported by the proposed rates allows Housing and Residential Life to:

- Remain financially stable and exceed its Internal Lending Program (ILP) obligations to maintain a ratio of net revenues to annual debt service of at least 1.25:1; and
- Meets minimum reserve requirements under the ILP financing agreement.

REVIEW AND APPROVAL PROCESS

- The Student Residence Hall Association hosted conversation events on
 - Thursday, December 1st 2016
 - Thursday, January 12th 2017
 - Thursday, January 26th 2017These events allowed Housing and Residential Staff to meet with housing residents to have a dialog and discussion around the annual operating budget and housing rate development process.
- Letters detailing the rate proposal were sent to all student apartment residents on Tuesday, January 24th, 2017, inviting them to a Residence Hall Association meeting on Thursday, January 26th, 2017.
- On January 26, 2017, the 2017-18 rates proposal and new triple bedroom option was presented at the Residence Hall Association meeting and endorsed.
- Housing and Residential Life shared the annual budget and rates review process with ASUWB President on Tuesday, January 10th, 2017. The final rates proposal was shared with ASUWB president Tanya Kumar on Wednesday, February 15th 2017.
- Chelsea Knodel and RHA Executive member, Stone Diggs, met and provided the final rates proposal information with the UW Student Regent, Austin Wright-Pettibone, on Wednesday, February 1st 2017.
- This proposal has also been discussed with the UW Bothell Interim Dean of Student Affairs Emily Christian, Vice Chancellors Ruth Johnston and Susan Jeffords, and Chancellor Wolf Yeigh.

Attachments

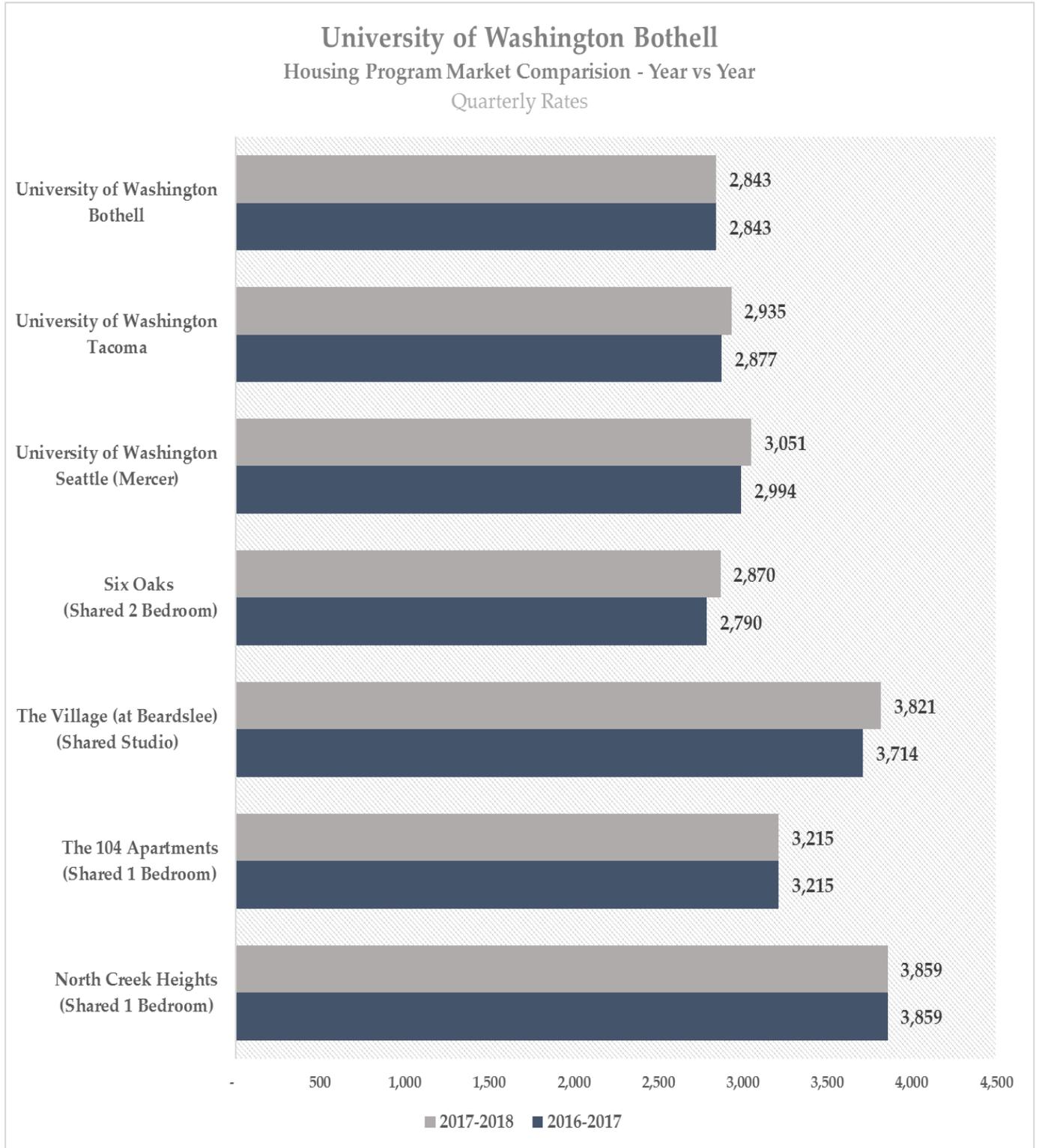
1. Husky Village Triple Occupancy Bedroom Floor Plan
2. UW and Private Market Comparison Sheet

Husky Village Triple Occupancy Bedroom Floor Plan



ATTACHMENT 1

UW and Private Market Comparison Sheet



ATTACHMENT 2

COST OF ATTENDANCE FOR FIRST-YEAR UW UNDERGRADUATES

PRELIMINARY 2017-18 INFORMATION

Except for Room & Board rates, all rates reflect final approved rates from 2016-17 and, therefore, are subject to change. Tuition rates and student fee proposals for 2017-18 will be presented later in the spring.

PLEASE NOTE: After accounting for grant and scholarship aid, UW students (particularly resident undergraduates) often pay far less than the total expenses shown here. In **2015-16** (the most recent year for which net price data is available), the published price for resident undergraduates at Seattle was **\$27,034**, whereas the net price for first-time, full-time, resident undergraduates at Seattle was **\$10,068**.

Annual Student Budget Items	Bothell	Seattle	Tacoma
Room & Board ¹ (traditional undergraduates)	\$11,259	\$12,117	\$10,650
Books, Personal, Transportation ¹	\$4,614	\$3,504	\$4,614
Annual Student Fees – Total ²	\$1,296	\$1,369	\$1,237
<i>New Student Enrollment & Orientation Fee (NSEOF) – one time fee</i>	\$300	\$310	\$100
Student Tech Fee	\$126	\$114	\$120
Services and Activities Fee	\$273	\$387	\$477
Activities & Recreation Center 1	\$441		
Activities & Recreation Center 2	\$66		
Sports Field	\$90		
Facilities Renovation Fee		\$210	
Intramural Activities Building (IMA)		\$96	
U Pass		\$252	
YMCA			\$540
Resident Annual Tuition	\$9,694	\$9,694	\$9,694
Resident Annual Total	\$26,863	\$26,684	\$26,195
Non-Resident Annual Tuition	\$33,732	\$33,732	\$33,732
Non-Resident Annual Total	\$50,901	\$50,722	\$50,233

¹ The annual student budget for these items are based on the federal "cost of attendance" definition, which is used to determine financial aid eligibility: <https://www.washington.edu/financialaid/getting-started/student-budgets/>. When developing Room & Board student budgets for 2017-18, the Student Financial Aid Advisory committee considered the 2017-18 housing rate proposals for each campus. However, the Room & Board rates do not directly reflect or tie to those housing rate proposals.

² Student-led committees approved all fees under this header, except the NSEOF (see below), and are responsible for recommending fee changes to the Board of Regents for approval. Student representatives provide support recommendations for the NSEOF and the administration recommends fee changes to the Board of Regents for approval. Please note that many students pay fees beyond the ones presented here, such as course fees (the cost of which varies by discipline), fees for student insurance, international program fees, and fees for WashPIRG and WSA.

PRELIMINARY COST OF ATTENDANCE TREND DATA BY CAMPUS

BOTHELL	2013-14	2014-15	2015-16	2016-17	2017-18	5yr Change
Room & Board ¹ (traditional undergrads)	\$10,752	\$10,833	\$10,833	\$10,833	\$11,259	\$507
Books, Personal, Transportation ¹	\$4,995	\$4,995	\$4,995	\$4,614	\$4,614	-\$381
Annual Student Fees - Total ²	\$856	\$856	\$1,240	\$1,296	\$1,296	\$440
<i>NSEOF - one time fee</i>	\$250	\$250	\$250	\$300	\$300	\$50
Student Tech Fee	\$126	\$126	\$126	\$126	\$126	\$0
Services and Activities Fee	\$390	\$390	\$267	\$273	\$273	-\$117
Activities & Recreation Center 1	\$0	\$0	\$441	\$441	\$441	\$441
Activities & Recreation Center 2	\$0	\$0	\$66	\$66	\$66	\$66
Sports Field	\$90	\$90	\$90	\$90	\$90	\$0
Resident Annual Tuition	\$11,305	\$11,305	\$10,768	\$9,694	\$9,694	-\$1,611
Resident Annual Total	\$27,908	\$27,989	\$27,836	\$26,437	\$26,863	-\$1,045
Non-Resident Annual Tuition	\$30,879	\$32,424	\$33,072	\$33,732	\$33,732	\$2,853
Non-Resident Annual Total	\$47,482	\$49,108	\$50,140	\$50,475	\$50,901	\$3,419
SEATTLE	2013-14	2014-15	2015-16	2016-17	2017-18	5yr Change
Room & Board ¹ (traditional undergrads)	\$10,752	\$10,833	\$11,310	\$11,691	\$12,117	\$1,365
Books, Personal, Transportation ¹	\$3,885	\$3,885	\$3,885	\$3,504	\$3,504	-\$381
Annual Student Fees - Total ²	\$1,364	\$1,389	\$1,371	\$1,369	\$1,369	\$5
<i>NSEOF - one time fee</i>	\$272	\$300	\$300	\$310	\$310	\$38
Student Tech Fee	\$123	\$123	\$123	\$114	\$114	-\$9
Services and Activities Fee	\$378	\$390	\$393	\$387	\$387	\$9
Facilities Renovation Fee	\$267	\$252	\$219	\$210	\$210	-\$57
Intramural Activities Building (IMA)	\$96	\$96	\$96	\$96	\$96	\$0
U Pass	\$228	\$228	\$240	\$252	\$252	\$24
Resident Annual Tuition	\$11,305	\$11,305	\$10,768	\$9,694	\$9,694	-\$1,611
Resident Annual Total	\$27,306	\$27,412	\$27,334	\$26,258	\$26,684	-\$622
Non-Resident Annual Tuition	\$30,879	\$32,424	\$33,072	\$33,732	\$33,732	\$2,853
Non-Resident Annual Total	\$46,880	\$48,531	\$49,638	\$50,296	\$50,722	\$3,842
TACOMA	2013-14	2014-15	2015-16	2016-17	2017-18	5yr Change
Room & Board ¹ (traditional undergrads)	\$10,752	\$10,833	\$10,833	\$10,230	\$10,650	-\$102
Books, Personal, Transportation ¹	\$4,995	\$4,995	\$4,995	\$4,614	\$4,614	-\$381
Annual Student Fees - Total ²	\$697	\$1,057	\$1,237	\$1,237	\$1,237	\$540
<i>NSEOF - one time fee</i>	\$100	\$100	\$100	\$100	\$100	\$0
Student Tech Fee	\$120	\$120	\$120	\$120	\$120	\$0
Services and Activities Fee	\$477	\$477	\$477	\$477	\$477	\$0
YMCA (began in winter of 2015)	\$0	\$360	\$540	\$540	\$540	\$540
Resident Annual Tuition	\$11,305	\$11,305	\$10,768	\$9,694	\$9,694	-\$1,611
Resident Annual Total	\$27,749	\$28,190	\$27,833	\$25,775	\$26,195	-\$1,554
Non-Resident Annual Tuition	\$30,879	\$32,424	\$33,072	\$33,732	\$33,732	\$2,853
Non-Resident Annual Total	\$47,323	\$49,309	\$50,137	\$49,813	\$50,233	\$2,910

Please see previous page for footnotes.