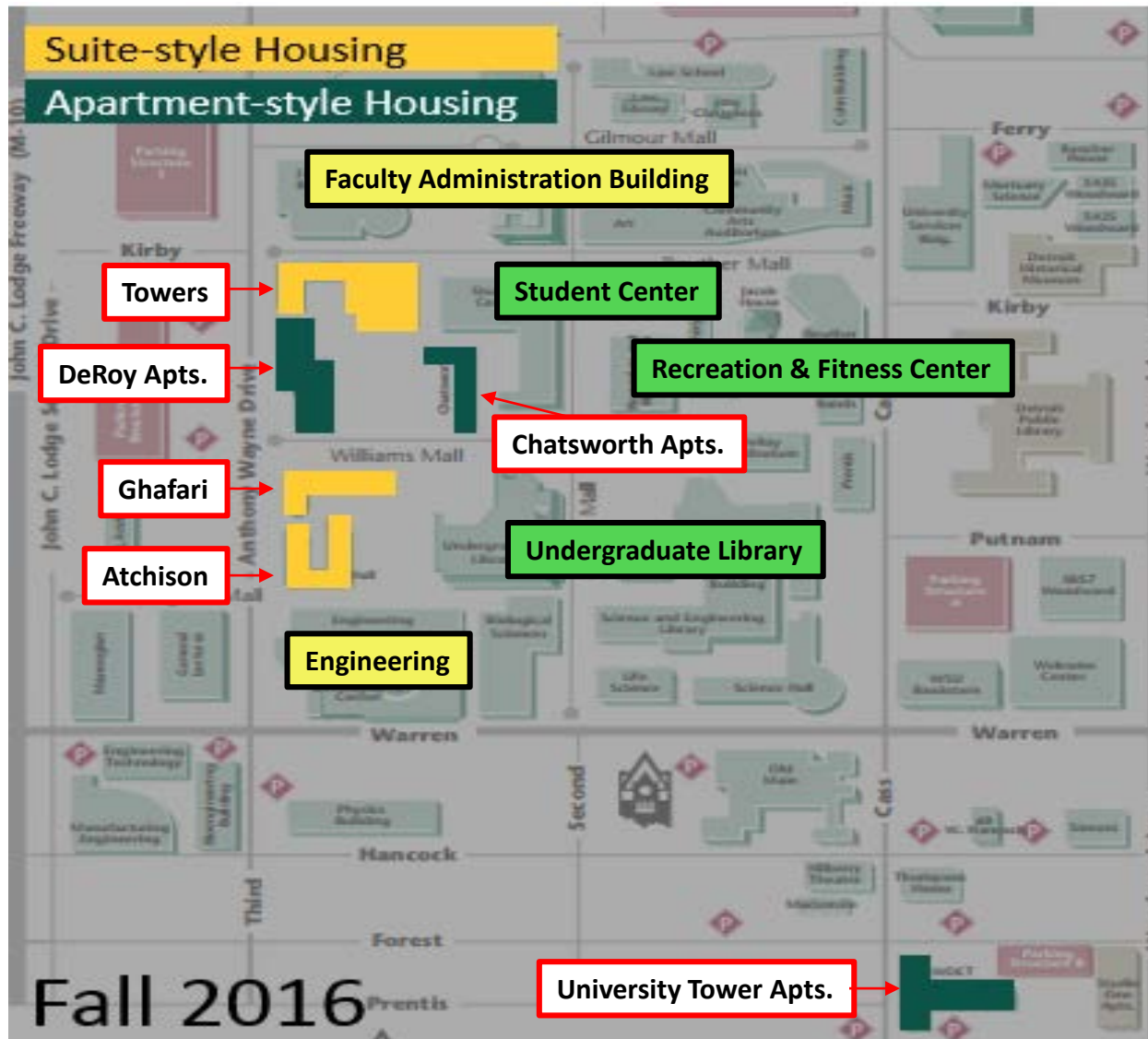


Housing Facilities Master Plan 2016-2026






Agenda for Today's Presentation

- Briefly review significant milestones and trends in housing facilities, occupancy, housing system finances, and programming since 2002 as the context for the master planning process.
- Review the results of a ten-year housing master planning process, including facilities' and budgeting recommendations.
- Discuss implementation of next steps including issuing an RFP for new campus housing facilities and requesting authorization for design fees for the conversion of Thompson Home.



Current WSU Housing Facilities

-  Current housing facility names
-  Suite style housing
-  Apartment style housing

Significant Occupancy Demand Milestones 2008 - 2015

- At fall opening 2008, the housing system was “full” (above 90%) for the first time and has continued to be full each year (except for halls in 2013).
- During fall 2010 a Housing Market Demand Study was conducted that confirmed an unmet demand for campus housing. A 400-bed suite-style facility was recommended, but in the declining enrollment environment at the time, building additional beds did not seem prudent.
- During fall 2014 another Housing Market Demand Study was conducted confirming a continuing unmet demand for campus housing, primarily in full suite and apartment room types. Immediate unmet demand determined to be 200+ beds, growing to 800+ beds as enrollment increases to the 2020 strategic plan target of 30,000 students.
- At fall opening 2015, housing occupancy was a record 3147, including a record number of FTIAC residents (953). Temporary housing was used in Towers’ lounges (21) and the St. Regis Hotel (87). Waitlists for all housing types started July 23, 2015 and exceeded 550 students.

2015 Investigation and Planning Activities

- In January 2015 an investigation begins to provide a new housing facility through various funding models including some form of a public/private partnership.
- In June 2015 a major capital project for the exterior of DeRoy Apartments was postponed and a full facility audit was conducted, resulting in a recommendation in October 2015 to replace DeRoy with new housing due to repair costs of \$37.6 Million, an estimated 77% of the cost of constructing a new, similar facility.
- In July 2015 WSU a Request for Qualifications was issued, soliciting information from interested private partners for construction of new campus housing.
- During fall 2015 a housing master planning process with stakeholders was conducted to assess all current facilities, assess current and future housing demand, and develop a ten-year economic model to accomplish all major objectives.

Housing Demand Projected for 30,000 Students in 2020

	Semi-suite	Full-suite	Apartment	Total
First-time, First-year (FTIAC)	480	534	0	1,014
Transfer + Returning Freshman & Sophomores	226	155	474	855
Junior	38	79	301	418
Senior / Other	52	87	256	395
Graduate / Professional	262	205	727	1,194
Total Demand	1,058	1,060	1,758	3,876
Existing Bed Count	948	747	1,340	3,035
Net Demand (Surplus / (Deficit))	(110)	(313)	(418)	(841)
Minus DeRoy Beds After Demolition	0	0	(405)	(405)
Net Demand (Surplus / (Deficit))	(110)	(313)	(823)	(1,246)

Planned Projects: Renovation, Demolition and New Construction

- **Existing Residential Facilities**

- | | |
|-----------------------------|--------------------------|
| – DeRoy Apartments | <i>Demolition</i> |
| – Chatsworth Apartments | <i>High Renovation</i> |
| – University Towers | <i>Medium Renovation</i> |
| – Atchison Hall | <i>Low Renovation</i> |
| – Ghafari Hall | <i>Low Renovation</i> |
| – Towers Residential Suites | <i>Low Renovation</i> |

- **Additional Residential Facilities**

- | | |
|---------------------------|-------------------------|
| – Anthony Wayne Drive (N) | <i>New Construction</i> |
| – Anthony Wayne Drive (S) | <i>New Construction</i> |
| – Thompson Home | <i>Conversion</i> |

Planned Projects: Thompson Home/Chatsworth Conversions and New Construction Nets Additional Beds

	CURRENT			FUTURE		
	Semi-suite	Full-suite	Apartment	Semi-suite	Full-suite	Apartment
DeRoy Apartments	0	0	405	0	0	0
Chatsworth Apartments	0	0	142	50	313	0
University Towers	0	0	794	0	0	794
Atchison Hall	455	0	0	455	0	0
Ghafari Hall	357	0	0	357	0	0
Towers Residential Suites	136	747	0	136	747	0
Anthony Wayne Drive (North)	0	0	0	0	0	419
Anthony Wayne Drive (South)	0	0	0	0	0	419
Thompson Home	0	0	0	60	0	0
Total Capacity:	948	747	1,340	1,058	1,060	1,632

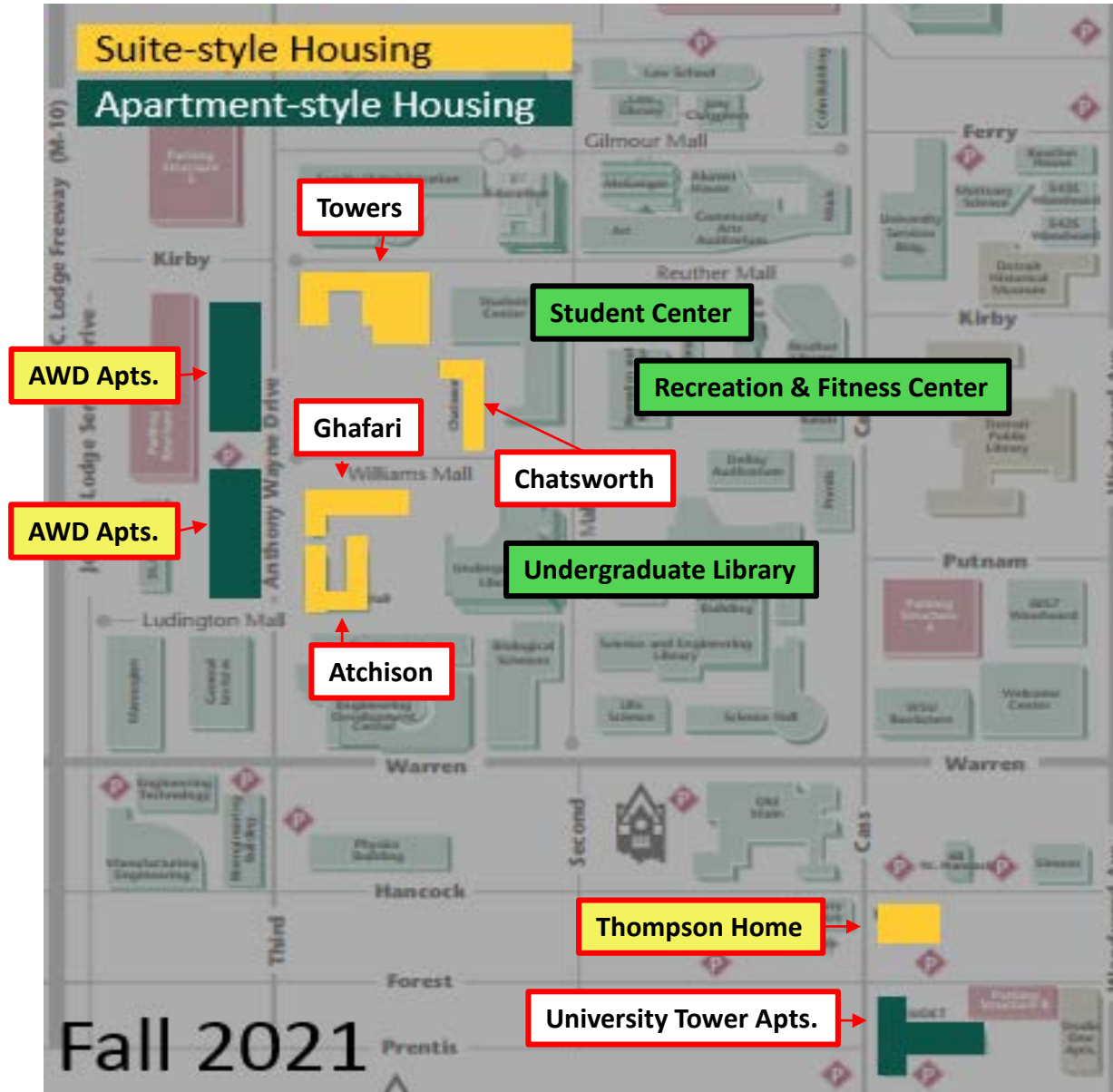
Project Phasing: Renovation & New Construction

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	2015-16	2016-17	2017-18	2018-19	2019-20
Chatsworth Apartments	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>
DeRoy Apartments	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	Demo Fall 2019
University Towers	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>
Atchison Hall	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>
Ghafari Hall	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>
Towers Residential Suites	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>	<i>Existing</i>
Chatsworth Suites - P3					
Anthony Wayne Dr. (North) – P3		Construction	Construction	Open Fall 2018	
Anthony Wayne Dr. (South) – P3			Construction	Construction	Open Fall 2019
Thompson Home	Conversion	Conversion	Open Fall 2017		
Surplus / (Deficit)	(841)	(841)	(781)	(362)	(348)
Semi-suite	(110)	(110)	(50)	(50)	(50)
Full-suite	(313)	(313)	(313)	(313)	(313)
Apartment	(418)	(418)	(418)	1	15

Project Phasing: Renovation & New Construction

	FY 2021 2020-21	FY 2022 2021-22	FY 2023 2022-23	FY 2024 2023-24	FY 2025 2024-25	FY 2026 2025-26	FY 2027 2026-27
Chatsworth Apartments	Off-line	Off-line	Off-line	Off-line	Off-line	Off-line	Off-line
DeRoy Apartments	Off-line	Off-line	Off-line	Off-line	Off-line	Off-line	Off-line
University Towers	Existing	Ren Sum '22	Ren Sum '23	Ren Sum '24			
Atchison Hall	Existing	Existing	Existing	Existing	Existing	Ren Sum '26	
Ghafari Hall	Existing	Existing	Existing	Existing	Ren Sum '25		
Towers Residential Suites	Existing	Existing	Existing	Existing	Existing	Existing	Ren Sum '27
Chatsworth Suites (P3)	Conversion	Open Fall 2021					
Anthony Wayne Dr. (North)-P3							
Anthony Wayne Dr. (South)-P3							
Thompson Home							
Surplus / (Deficit)	(489)	(126)	(126)	(126)	(126)	(126)	(126)
Semi-suite	(50)	0	0	0	0	0	0
Full-suite	(313)	0	0	0	0	0	0
Apartment	(126)	(126)	(126)	(126)	(126)	(126)	(126)

Total Capacity = 3,750 beds



WSU Housing Facilities in 2027 at Completion of Ten-Year Master Plan

- New Housing by 2019
- Renovate Existing Housing by fall 2027
- Apartments
- Suites

Project Implementation and Funding Alternatives

With a Goal to Preserve University Debt Capacity for Other University Projects

Goal: Private Equity Partner or P3 Funded Projects

- Private Partner funding for projects may not reflect 100% of project value on university balance sheet.
- Private Partner funding for projects may be negative, neutral or over time credit positive on university credit rating calculation by credit-rating agencies.
- Private Partner funding should not use university debt capacity or substantially limit borrowing for other university projects.

Alternate: Wayne State Funded Projects

- University borrowing for projects reflects on university balance sheet.
- University borrowing for projects reflects on university credit rating calculation by credit-rating agencies.
- Borrowing for housing projects uses university debt capacity and limits borrowing for academic or other university projects.

Project Implementation: Wayne State or Private Partner?

Project Economic Comparison for Chatsworth Conversion

	Wayne State	Private Partner
1 Total Project Cost [1]	\$ 31,200,000	\$ 29,000,000
2 Equity Contribution	\$ -	\$ 7,300,000
3 Historic Tax Credits [2]	\$ -	\$ 7,300,000
4 Amount Financed	\$ 31,200,000	\$ 14,400,000
5 FY22 Revenue	\$ 2,991,000	\$ 2,991,000
6 Operating Expenses	\$ 1,082,000	\$ 1,082,000
7 Debt Service Payment	\$ 1,867,000	\$ 1,030,000
8 Net Operating Income	\$ 42,000	\$ 879,000
9 Net Cash Flow (After R&R)	\$ (67,000)	\$ 697,000
10 Debt Service Coverage Ratio	1.12	1.85
11 Internal Rate of Return (60 years) [3]	N/A	18.0%
12 Potential FY22 Ground Lease Payment	N/A	\$250+k



[1] Private partner likely to have lower “soft” costs, particularly a/e fees

[2] – WSU not eligible for historic redevelopment tax credits

[3] - Assumes no ground lease payment

Use of Private Partner equity and financing reserves WSU debt capacity



Housing Master Plan System Economics 2016-2026



Housing System Economics

2016-2026 Master Plan

General Assumptions

- General Fund Subsidy of \$1.25 Million/year phases out over ten years through FY27.
- Housing Fund Balance will continue to improve from current \$4.75 M deficit through FY27.
- Annual room and board rates will increase similar to pace of last five years (3-5% per year).
- Annual revenue and expenses subject to change depending on Private Partner negotiations on ground lease, operating management fees, etc.
- Private Partners are able to obtain tax abatements on projects with university assistance.

Housing System Economics

2016-2026 Master Plan

Master Plan Financial Performance Expectations

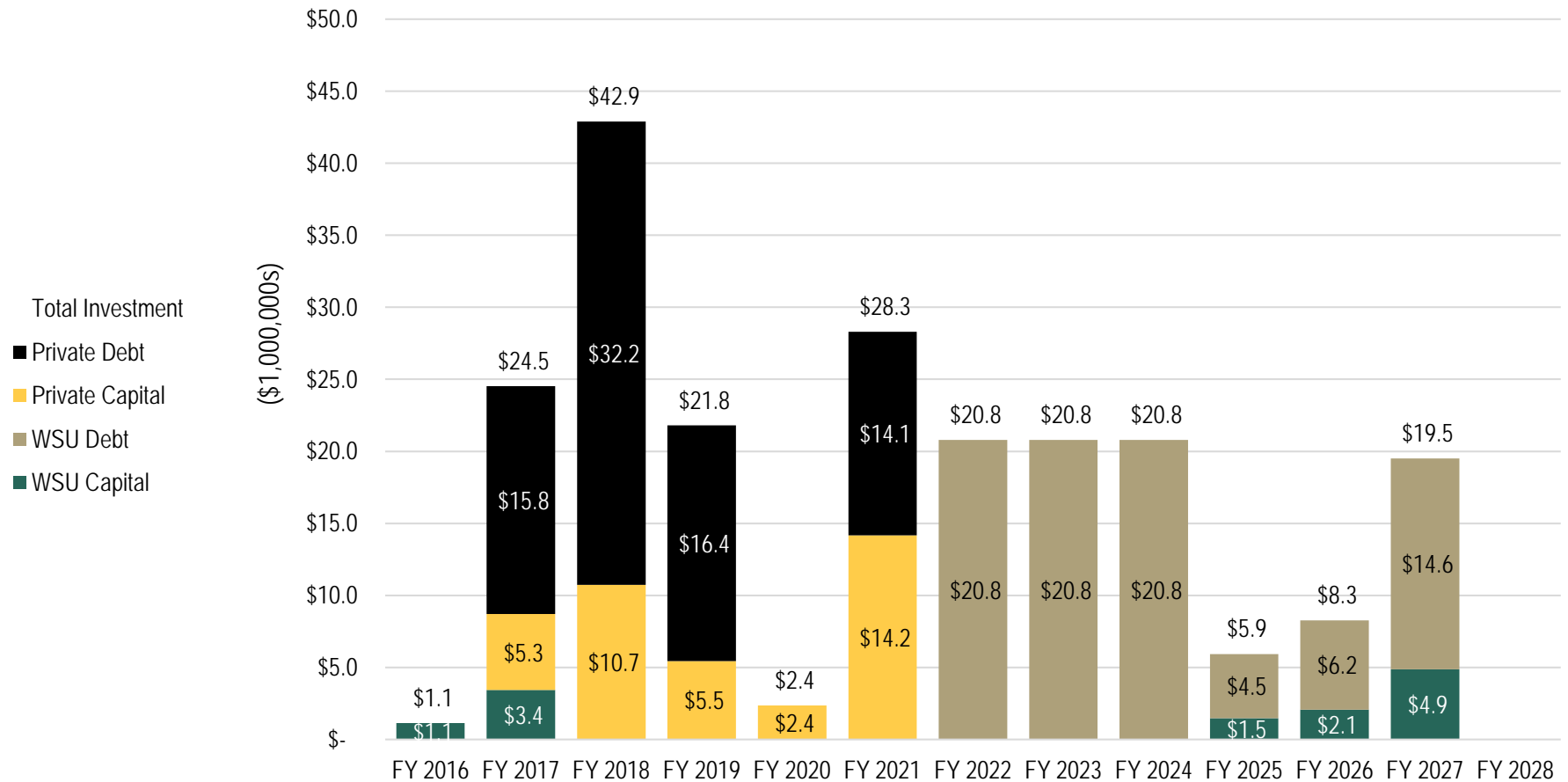
- Annual cash flow will vary based on amount of capital spending and housing reserve funding. Annual cash flow will always remain positive and reaches consistent growth after 2027 when all major projects are completed.
- The housing reserve balance will vary based on annual cash flow deposits and capital spending on planned university-funded projects. The housing reserve balance will always remain positive.
- For projects funded by Private Equity Partners or P3s, an annual ground lease payment will be made starting in 2019 with annual incremental growth, dependent on ground lease negotiations.

Project Implementation and Financing

	Funding Mechanism	Reno / New Cons. Type	Total Project Cost
Thompson Home	Wayne State	Reno - M	\$ 4,600,000
Anthony Wayne Drive (North)	P3	New	\$ 42,100,000
Anthony Wayne Drive (South)	P3	New	\$ 43,600,000
Deroy	P3	Demo	\$ 2,400,000
Chatsworth - P3 (Suites)	P3	Reno - H	\$ 28,300,000
University Towers	Wayne State	Reno - M	\$ 62,400,000
Ghafari	Wayne State	Reno - L	\$ 5,900,000
Atchison	Wayne State	Reno - L	\$ 8,300,000
Towers	Wayne State	Reno - L	\$ 19,500,000
Total Project Costs:			\$ 217,100,000
Wayne State	Wayne State	N/A	\$ 100,700,000
Debt			\$ 87,700,000
Equity			\$ 13,000,000
P3 Partner	P3	N/A	\$ 116,400,000
Debt			\$ 78,500,000
Equity			\$ 37,900,000

Housing System Economics

Housing Master Plan Project Financing By Year



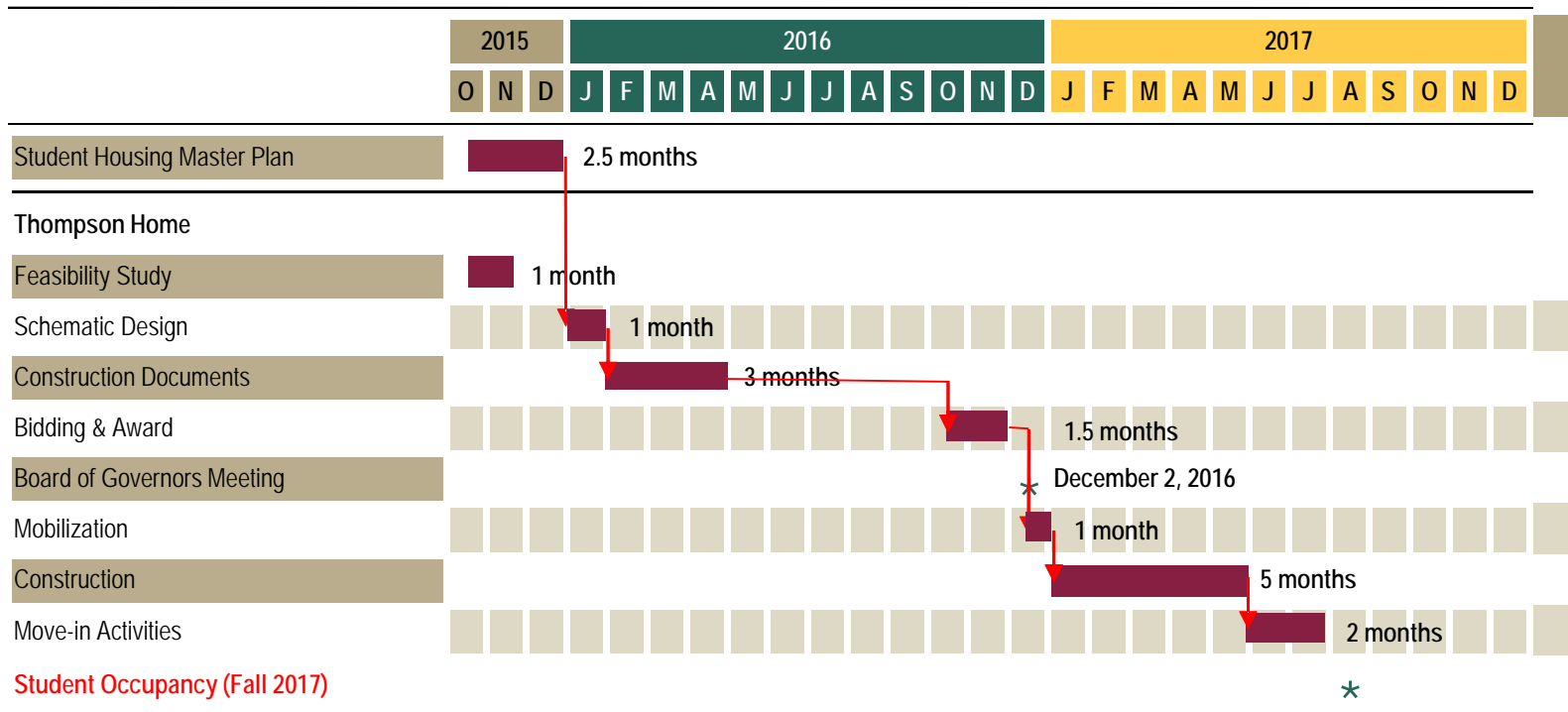


Next Steps 2016-2019



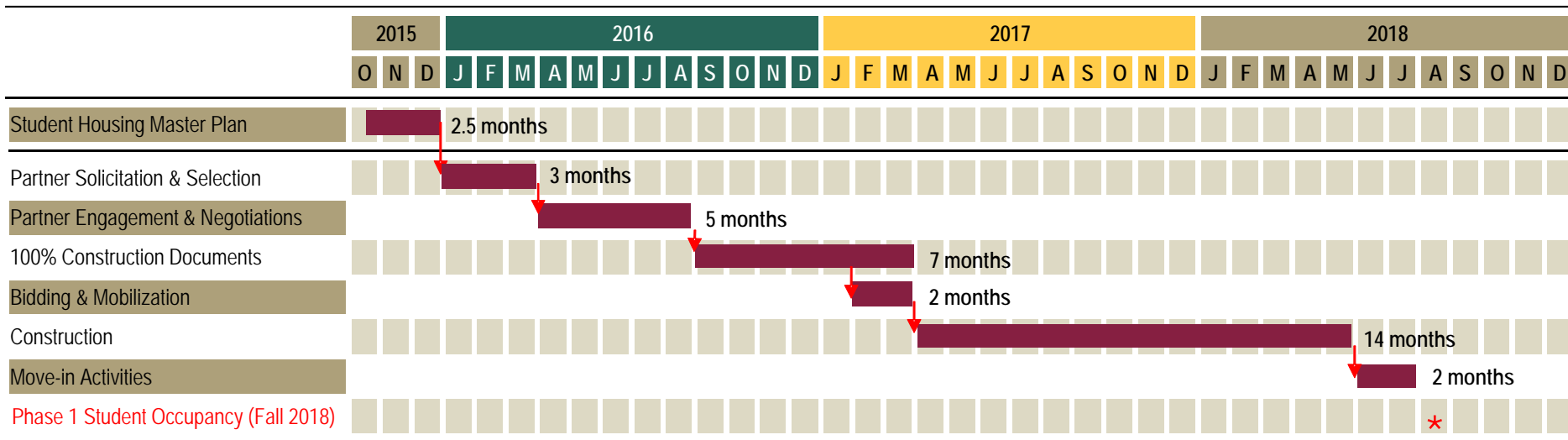
Housing Master Plan Project Development Schedule

- 1) **Addition of 150 off-campus leased apartment spaces and conversion of three additional floors of DeRoy (for a total of seven) from unfurnished to furnished apartments for underclass students. (Opening Fall 2016)**
- 2) **Thompson Home Conversion (Opening Fall 2017)**



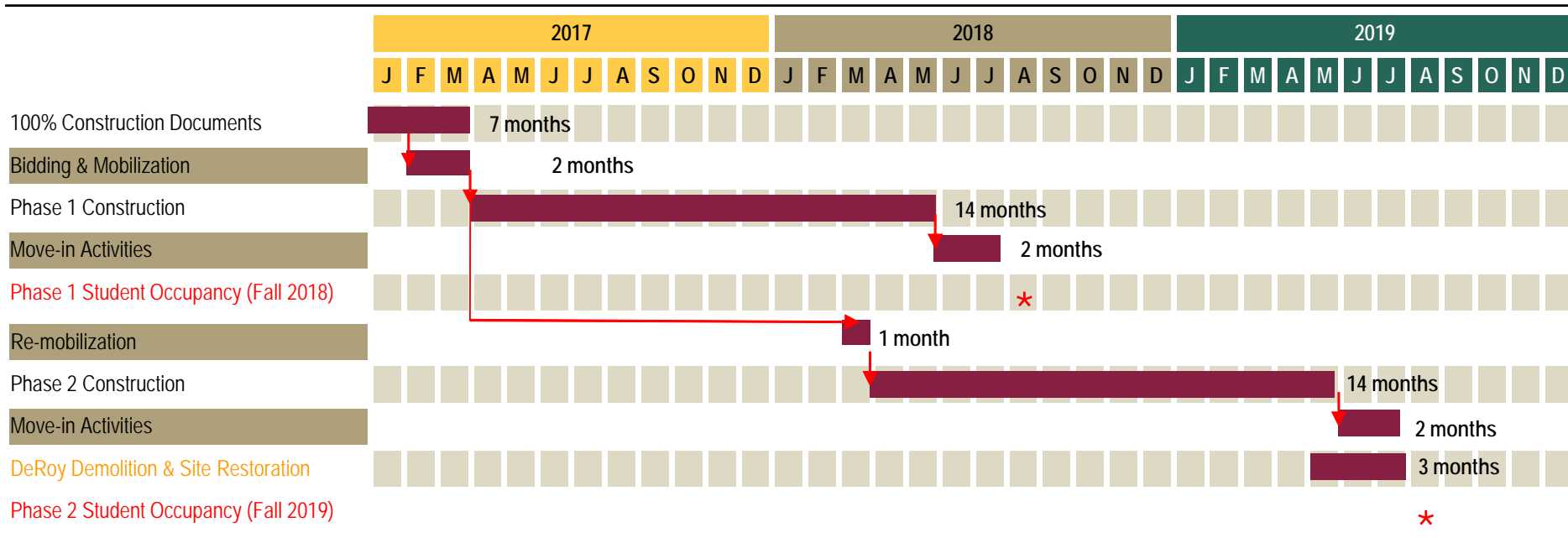
Housing Master Plan Project Development Schedule

3) Release RFP in January 2016 to find a private partner to build 800+ apartment spaces in two new housing facilities: Anthony Wayne Drive Apartments North (Opening Fall 2018) ...



Housing Master Plan Project Development Schedule

4) ... and Anthony Wayne Drive Apartments South (Opening Fall 2019)



5) DeRoy Apartments Demolition (During Summer 2019)

Questions and Discussion

