

**PUBLIC UNIVERSITY  
NONINSTRUCTIONAL CAPITAL PROJECT APPROVAL**

**Submitted for:** Action.

**Summary:** This item recommends approval of the following public university noninstructional capital projects:

	<u>Estimated Cost</u>
<u>University of Illinois at Springfield</u>	
1. Apartment Building Housing Renovations	\$6,965,000
<u>Illinois State University</u>	
2. Ground Lease/Student Housing Development	Not Applicable
<u>Northern Illinois University</u>	
3. Ground Lease/Student Housing Development	Not Applicable

**Action Requested:** That the Illinois Board of Higher Education approve the noninstructional capital projects described in this item.



STATE OF ILLINOIS  
ILLINOIS BOARD OF HIGHER EDUCATION

**PUBLIC UNIVERSITY  
NONINSTRUCTIONAL CAPITAL PROJECT APPROVAL**

The University of Illinois at Springfield, Illinois State University, and Northern Illinois University are seeking Illinois Board of Higher Education approval of the projects presented in this item in order to proceed. This item provides details regarding each project's background, scope, financing, and schedule. The ground lease/student housing projects presented for Illinois State University and Northern Illinois University reflect an innovative method of developing student housing and will be completed at no cost to the respective universities.

<u>Institution/Project</u>	<u>Estimated Cost</u>
1.) University of Illinois at Springfield: Apartment Building Housing Renovations	\$6,965,000
2.) Illinois State University Ground Lease/Student Housing Development	Not Applicable
3.) Northern Illinois University Ground Lease/Student Housing Development	Not Applicable

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1.) University of Illinois at Springfield

Apartment Building Housing Renovations

Project Scope

Over its 40-year history, the University of Illinois at Springfield has developed a variety of on-campus housing units. The University is seeking IBHE approval for a noninstructional capital project that consists of renovating and rehabilitating a number of student housing units that are outdated, inefficient, and in very poor condition. The 14 housing buildings at Larkspur, Bluebell, Clover, and Sunflower Courts range from 20 to 30 years old and are in need of extensive exterior and interior maintenance. The room arrangements vary by building from one-bedroom units to four-bedroom units and provide a total of 344 student beds (Table 1). Based on available funding, the current project will consist of upgrading nine of the fourteen housing buildings.

In spring 2010, Springfield-based, independent consultant FWAI Architects performed a feasibility study and provided estimates for rehabilitating the structures. The estimated costs of rehabilitating the exterior and interior deficiencies of the housing units are approximately \$730,000 to \$750,000 per building. Exterior upgrades will include the repair and replacement of warped and weathered wood siding and trim; replacement of damaged screens and inefficient windows; and replacement of roofing systems, gutters, and downspouts. The mechanical systems to be replaced include mechanical condensing units, HVAC, hot water heaters, kitchen fixtures, fire alarm systems, and exhaust fans. These systems are inefficient and near the end of their serviceable lives. Interior upgrades include a new flooring system, new door installation, window sill repair associated with window replacement, updated finishes, fixtures, and equipment. The Apartment Building Housing Renovation project was approved by the University of Illinois Board of Trustees on May 20, 2010.

Table 1: UIS Student Housing Occupancy Details

<u>Complex</u>	<u># Buildings</u>	<u>#Beds</u>
Larkspur Court	4	128
Blue Bell Court	3	96
Clover Court	4	66
Sunflower Court	<u>3</u>	<u>54</u>
Total	14	344

Project Cost and Funding Source

The project budget for the UIS housing renovation project is approximately \$7.0 million. As a result, the University plans to renovate approximately nine of the fourteen units and complete site work needed to upgrade communication mediums and install fiber optic lines. If the expenditures estimated in Table 2 come in below estimates, additional units will be renovated as funding permits. The project will be financed using University Housing Division operating funds with anticipated reimbursement from the proceeds of a future sale of Auxiliary Facility System (AFS) revenue bonds. The University of Illinois Board of Trustees approved a \$65.0 million AFS bond issuance at its May 20, 2010, meeting. The bonds will be used to finance Phases C and D of the Stanley O. Ikenberry Commons project and the UIS housing renovation project. The University will utilize a combination of tax-exempt bonds and Build America Bonds, which feature a tax credit to the issuer, to secure the most favorable rates currently available. The housing renovations will begin in summer 2011; the units will be closed on a rotating basis until all the work is completed by the end of summer 2012.

Table 2: UIS Apartment Building Housing Renovations:  
Estimated Project Cost Based on Feasibility Study per-unit costs

General Work, Labor, Materials	\$ 4,725,000
Plumbing	\$ 775,000
HVAC	\$ 500,000
Electrical	\$ 500,000
Fire Protection	\$ 125,000
Site Work, Finishing, Contingencies	\$ 340,000
TOTAL	<u>\$ 6,965,000</u>

Revenues from student housing charges at UIS will be used to support the University Auxiliary Facility System and retire the debt. Room and board charges for FY2011 were approved by the Board of Trustees on January 21, 2010. Apartment styles, arrangements, and rates vary greatly, but the annual increases for housing at UIS ranges from 1.2 percent to 4 percent (see Table 3). These rates are for furnished units and include all utility charges including water, electricity/heat/AC, and cable TV. Meal plans are not required for apartment residents but are available.

Table 3: UIS Academic Year Apartment Rates in FY2010 and FY2011

<u>Family Apartments</u>	<u>FY2010</u>	<u>FY2011</u>	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
One-bedroom/furnished	\$6,480	\$6,560	\$ 80	1.2%
Two-bedroom/furnished	\$8,560	\$8,660	\$100	1.2%
 <u>Single Student Apartments*</u>				
One-bedroom/private/flat	\$6,480	\$6,560	\$ 80	1.2%
Two-bedroom/shared flat	\$2,520	\$2,620	\$100	4.0%
Four-bedroom/private/flat	\$4,200	\$4,360	\$160	3.8%

\*Rates per person.

Project Schedule

The project schedule is summarized as follows:

UI Board of Trustees Approval	May 20, 2010
IBHE Consideration	August 10, 2010
Project Begins	Spring/Summer 2011
Project Completion	Summer/Fall 2012

2.) Illinois State University

Ground Lease/Student Housing Development

Summary

On June 14, 2010, the Illinois State University Board of Trustees authorized the University to enter into a long-term ground lease with Collegiate Housing Foundation (CHF), a 501(c) (3) non-profit organization that specializes in providing colleges and universities with an alternative method of developing and financing residential space for students. The ground lease authorizes CHF to serve as the borrower for the project and to establish a Limited Liability Company (LLC) to construct, finance, and own a student residence hall complex on behalf of the University. At the University's direction, CHF will contract with American Campus Communities (ACC) to design and develop the housing complex.

While a public-private partnership concept for developing student housing has not been utilized by the University to date, this option has been successfully utilized at institutions across the country. As a tax-exempt entity, the foundation enjoys the ability to finance the housing facility at tax-exempt rates. Founded in 1996, CHF has assisted more than 25 colleges and universities nationwide with the development, financing, and operation of student housing and related facilities. In Illinois, CHF is currently working with Northern Illinois University on a similar project.

The residence halls, consisting of approximately 800 new beds for sophomores, juniors, and seniors, will be located on University land and operate as if they were owned by the University. All revenues associated with the facility will be used to pay the LLC debt service and other expenses. The University will be paid a management fee for operating the facility, and any remaining net revenues earned by the LLC will be paid to the University for the ground lease. Room and board rates will be determined by the University, and ownership provisions will be detailed in the lease agreement. At the end of a period not to exceed 40 years, the ground lease agreement will expire, and the facilities will become the property of the University.

#### Background, Project Scope & Description

The Fire Sprinkler Dormitory Act requires fire sprinkler systems in the dormitories of all Illinois postsecondary educational institutions by January 1, 2013. In light of this health and safety requirement, Illinois State University revisited its Long-Range Plan for Housing and Dining to determine a course of action for the non-sprinkled residence halls on its South Campus. The University's comprehensive review included a cost/benefit analysis of renovating the Atkin-Colby and Hamilton-Whitten residence halls on the South Campus to comply with the Act and a review of alternative housing options. Based on its analysis, the University has decided to decommission the South Campus residence halls rather than sprinkle them and pursue an alternative course of action. In order to replace a portion of the 1,586 beds lost due to the decommissioning and to maintain housing options sufficient to meet enrollment, the University has developed and endorsed a public-private partnership concept that utilizes third party development of a new student housing complex. This partnership provides the University with an alternative to using its own resources to construct and finance new facilities. To achieve the best results, the University utilized an RFP process to review proposals and ultimately selected American Campus Communities (ACC) to design and develop the housing complex.

The new student housing development will be located on 14.5 acres of land at the current Cardinal Court site on Gregory Street. The Cardinal Court housing complex, built in the 1950s to house students with families, contains 192 apartments for approximately 200 residents. Currently, over 80 percent of the occupants are single students, with the Shelbourne complex housing many of the family students. The ground lease and housing project plan calls for the demolition of the Cardinal Court complex to make way for the new housing complex. All costs associated with site preparation and building demolition are the responsibility of CHF rather than the University. The housing complex will feature apartment-style housing with a variety of unit mixes (shared and private bathrooms and bedrooms) designed for undergraduate students; indoor and outdoor recreation areas; student study and gathering areas; interior and exterior bike storage; and easy access to the bus system and classroom buildings. When this new complex opens in August 2012, it will replace approximately 800 beds that are lost with the decommissioning of South Campus. The Watterson towers renovation project now underway is also scheduled to conclude in 2012, which will restore another 400 beds to the overall on-campus student housing

capacity. The University Housing work group will continue to explore additional housing options to replace the remainder of the beds lost in the South Campus decommissioning.

### Campus Review Process

On December 14, 2009, Vice Presidents Steve Adams and Dan Layzell appointed a Housing Request for Proposal (RFP) Work group to explore the concept of a public-private partnership for future student housing. The Work Group includes Greg Alt (Comptroller), Maureen Blair (Director for University Housing Services), Lisa Huson (General Counsel), Judy Johnson (Director of Purchasing), and Deb Smitley (Associate Vice President for Finance and Planning). The Work Group explored the myriad details involved with this type of housing partnership and will continue to meet to address housing needs created by the South Campus decommissioning. The University also submitted a resolution to the Illinois General Assembly to approve the University's use of a public-private partnership for the development of on-campus housing. House Joint Resolution (HJR) 84 was adopted by the House of Representatives on March 17, 2010, and the Senate on May 6, 2010. The major components of the project timeline are provided below.

### Project Schedule

ISU Board of Trustees Approval/Ground Lease	June 14, 2010
Project Planning	July 2010
IBHE Consideration	August 10, 2010
Design Development	August-October 2010
Abatement and Demolition	January-March 2011
Construction	April 2011-July 2012
Fixed Furniture and Equipment	July-August 2012
Project Completion/Occupancy	August 13, 2012

### 3.) Northern Illinois University

#### Ground Lease/Student Housing Development

#### Summary

On June 23, 2010, the Northern Illinois University Board of Trustees approved a long-term ground lease with Collegiate Housing Foundation (CHF), a 501(c) (3) non-profit organization that specializes in providing colleges and universities with an alternative method of developing and financing residential space for students. The ground lease agreement is the first step in a series of agreements and contracts that will result in the construction of new on-campus housing for as many as 1,000 first-year students. These new beds will replace other housing that will be taken offline or remodeled in the coming years. Under the terms of the agreement, the University will not incur any of the cost of building the new facilities, and CHF will contract with a private developer to construct and finance the project. It is expected that CHF will contract with American Campus Communities (ACC) to design and develop the housing complex, which will be located on University-owned property.

The First Year Residence Halls will be located on University land and operate as if they are owned by the University, but a Limited Liability Corporation (LLC) established by CHF will own the building. Under the ground lease, the University will receive as rent any net available

cash flow from the project after payment of operating expenses and debt service by the LLC. Room and board rates will be determined by the University, and ownership provisions will be detailed in the lease agreement. At the end of a period not to exceed 40 years, the ground lease agreement expires and the facilities become the property of the University.

### Background, Project Scope & Description

The majority of NIU's traditional student housing is over 50 years old. The vast majority of student housing options are limited to double occupancy rooms and common bathrooms. It is clear from remarks made by prospective students and their families that NIU's existing facilities fall short of their standards. Through the new partnership with CHF, the University is pursuing the development of a new, on-campus student residential complex for first-year students, which features the types of room arrangements that were specifically requested by NIU students. The new residence hall complex will be designed to meet LEED Silver standards and will feature five-story residence halls that provide student living residences in either a single room option or two single rooms that share a private bathroom. The residence hall community will include a stand-alone dining center built in close proximity to the First Year Buildings. To provide avenues for interaction, the design of the community will include room clusters, whereby ten to twelve rooms enjoy a shared common space for laundry, living room and basic kitchenette. The Residence Hall buildings also will house a main desk operation and mail service, computer lab, laundry facilities, recreation space, and office space. The project may also include basement space for programmatic purposes.

The University is considering two sites for the First Year Residence Hall Project, which may be constructed either entirely on one of the sites or on a portion of each of the sites. The University will approve the final site plan. Both sites are on the west side of campus. Site A is the site of the currently unoccupied University Apartments (1961), which previously served as the Married Student Housing complex. Site B is unimproved and is just off of Presidents Boulevard between the Center for the Study of Family Violence and the Northern View Community. If site A is selected, this project will include the complete demolition of the 50-year-old Married Student Housing Facility, including all walkways, roads, utilities, and equipment. All costs associated with site preparation and building demolition are the responsibility of CHF rather than the University. The new housing complex will feature dining facilities and beds for 1,000 new students. These new beds will replace other housing that will be taken offline or remodeled in the coming years. The new residence halls are expected to be ready for student occupancy in fall 2012. Including the demolition of the Married Student Housing Facility, site work, and building construction, the project cost is expected to total \$80 million.

### Campus Review Process

After the February 25, 2010, NIU Board of Trustees meeting, several members of the Board toured the housing and dining facilities. Based on the Board's concerns about the aging condition of the facilities, the administration began investigating the need for and possibility of improving the housing available to NIU students. Executive Senior Vice President Eddie Williams and Director for Capital Budget and Planning Jeff Daurer worked to develop an RFP that comprehensively addressed the needs of NIU first year students. Vice President of Student Affairs Brian Hemphill organized student focus groups to attain the viewpoints and preferences of students. Three student feedback sessions were held on April 5, 13, and 14, 2010. Students from a wide variety of organizations and constituent groups participated in the sessions and completed a comprehensive survey related to the proposed housing project. Student organizations and groups in attendance included Living and Learning Community leaders (House

Leaders), housing desk staff, hall council leadership and representatives, Residence Hall Association leaders, off-campus and commuter student representatives, first-year students, student senate members, and Greek-letter organization members.

This systematic review process revealed overwhelming support for housing options that offer greater privacy along with the ability to interact with a smaller group of students. With this information, the project scope was developed with ongoing assistance from the Residence Life Team of Student Housing and Dining Services. To ensure compliance with all state and federal laws and University compliance issues, a legal team was hired to review the RFP. At the April 29, 2010, meeting of the NIU Board of Trustees, the NIU Student Trustee stated strong support for the First Year Residence Hall project and noted that housing has been a big issue since he has been on campus and that it is critical for the University to move forward on this project. The major components of the project timeline are provided below.

#### Project Schedule

NIU Board of Trustees Approval/Ground Lease	June 23, 2010
IBHE Consideration	August 10, 2010
Project Begins	Fall 2010
Estimated Project Completion Date	Fall 2012

#### **Recommendation**

Staff has reviewed the projects presented in this item and found them to be in accordance with the Board's *Noninstructional Capital Project Guidelines*, approved by the Illinois Board of Higher Education in August 2002, and administrative rules. The projects are consistent with the mission and scope of the institution; provide needed additional, replacement, or more efficiently utilized space; and are economically feasible, as required by administrative rules.

The staff recommends adoption of the following resolution:

*The Illinois Board of Higher Education hereby approves the noninstructional capital projects included in this item.*

