ITEM: 13

Florida Gulf Coast University Board of Trustees
January 17, 2012

SUBJECT: 2012-2013 Student Housing Rental Rates

PROPOSED BOARD ACTION

Approve a modification of housing rental rates which would increase rates to provide adequate debt coverage ratios, maintenance of aging facilities and opportunities for future growth.

1. Increase existing rates by 2% for all existing unit types in South Village and North Lake Village. Current rates vary from $2,349 - $3,317 per person, per semester. New rates would vary from $2,395 - $3,383 per person, per semester (monthly rate between $532 – 750 per month).

2. Approve student housing rental rates of $7,200 for 4 bedroom, 4 bath and $7,440 for 3 bedroom, 3 bath at West Lake Village (12 month agreement). Contract period would begin at beginning of Fall semester 2012 and end at the end of Summer B 2013 semester. (monthly rate between $600 and $620 per month).

3. Establish rental rates for new facility, Osprey Hall. Rate analysis and comparison with existing room types has been performed. Recommendation is to set rates at the following amounts:

   3 Bedroom Single $3165 per person, per semester ($703 per month)
   2 Bedroom Single $3275 per person, per semester ($727 per month)

BACKGROUND INFORMATION

In an effort to maintain adequate debt coverage, maintenance of existing facilities and provide for future growth, the Office of Housing & Residence Life along with the Finance Corporation recommends an increase in rental rates.

This rate increase has been presented to the Resident Housing Association (an elected body representing the students who live in on-campus housing). A letter from the RHA President is included in the supporting materials. This body charges a $15 per semester / per student fee. That fee is not included in the proposed rate proposal.
Supporting Documentation Included: (1) Rental Rate Proposal for On-Campus Accommodations for 2012-2013, and (2) Letter from Resident Housing Association (RHA)

Legal Review: N/A

Prepared by: Assistant to the President and Executive Director of FGCU Financing Corporation Curtis Bullock, and Director of University Housing Brian Fisher

Submitted by: Vice President for Administrative Services and Finance Steve Magiera
Office of Housing & Residence Life  
Florida Gulf Coast University  
Rental Rate Proposal for On-Campus Accommodations for 2012-2013

Overview  
Florida Gulf Coast University currently provides on-campus accommodations for students in apartment-style and suite-style residence halls. The operational and programmatic mission of the Office of Housing & Residence Life (OHRL) is to provide students comfortable, safe, environmentally conscious and well-maintained living environments that support academic endeavors and personal growth. In order to meet this mission, the financial, organizational, and operational aspects of the unit must be regularly reviewed to ensure adequate resources are available.

Housing capacity at FGCU has increased dramatically in the past two years. The university added 919 beds in the past year. Palmetto Hall added 415 beds in South Village. A 1200 space parking garage was included in the Palmetto Hall construction project. The university also purchased a 504 bed facility off campus now known as West Lake Village (College Club Apartments) in 2010. This has created a third site and a new housing option for FGCU students. Total capacity for Fall 2012 is 3678 beds. Osprey Hall, a 533 bed project in South Village, will open in Fall 2012. Total housing capacity will reach 4211 beds in Fall 2012. Total outstanding housing debt now exceeds 180 million dollars. Additional new housing and added debt are expected in the years to come as enrollment continues to grow. The future health and viability of the finance corporation to manage both current and expected additional debt is contingent upon many variables. Many of these factors are considered in the next paragraphs.

Future Construction  
The South Village master plan calls for approximately 3,300 residents. It is anticipated that there will be at least three to four more housing projects of approximately 1500 beds to construct in South Village. Debt for these future housing facilities will likely exceed 85 million dollars (not including parking garage costs).

Considerations  
Student demand for on-campus housing will drive revenue. Occupancy rates have exceeded 99% every fall semester over the last 6 years. Occupancy has varied in the spring semester from 94-99% over the same time period. Student satisfaction with the housing program is essential for long term success. Satisfaction remains high among residents. The Resident Housing Association (RHA) was presented with information regarding the rental rate increase proposal. This organization represents all students who live on campus. The organization approved the rental rate increase and provided a letter for the Board of Trustees with their input regarding the requested rent increase.

Rental Rate Information and Comparisons  
Rental rates were not increased the previous year, 2011-2012. Rental rates have not increased in South Village since 2009. Most universities at other SUS institutions expect a 2 – 4% increase in rental fees this upcoming year. Presently, our on-campus rental rates fall in the middle when compared to other SUS institutions. The off-campus housing market remains less expensive than on-campus housing. This is largely due to depressed values in the rental markets throughout the Fort Myers area.

Proposed Rental Rates for 2012-2013  
After careful analysis of the status of the housing operation and its financial obligations, the following rental rates are proposed for the academic year 2012-2013:

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<tr>
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<th>Per Year W/ RHA fee</th>
<th>Per Semester</th>
<th>Per Year</th>
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</thead>
<tbody>
<tr>
<td>North Lake Village</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4 Bedroom Single</td>
<td>$5,896</td>
<td>$2,933</td>
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<tr>
<td>2 Bedroom Quad</td>
<td>$4,820</td>
<td>$2,395</td>
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South Village

**Everglades, Biscayne and Palmetto Halls**

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<thead>
<tr>
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<th>Per Semester</th>
<th>Per Year</th>
<th>Per Year W/ RHA fee</th>
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<tbody>
<tr>
<td>2 Bed Single</td>
<td>$3,165</td>
<td>$6,330</td>
<td>$6,360</td>
</tr>
<tr>
<td>Studio</td>
<td>$3,275</td>
<td>$6,550</td>
<td>$6,580</td>
</tr>
<tr>
<td>1 Bed Private</td>
<td>$3,383</td>
<td>$6,766</td>
<td>$6,796</td>
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<tr>
<td>Palmetto Hall</td>
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<tr>
<td>3 Bedroom Single</td>
<td>$3,063</td>
<td>$6,126</td>
<td>$6,156</td>
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<tr>
<td>Osprey Hall</td>
<td></td>
<td></td>
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<tr>
<td>3 Bedroom Single</td>
<td>$3,165</td>
<td>$6,330</td>
<td>$6,360</td>
</tr>
<tr>
<td>2 Bedroom Single</td>
<td>$3,275</td>
<td>$6,550</td>
<td>$6,580</td>
</tr>
<tr>
<td>West Lake Village</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4 bedroom, 4 bath</td>
<td>$7200</td>
<td>$7230</td>
<td></td>
</tr>
<tr>
<td>3 bedroom, 3 bath</td>
<td>$7440</td>
<td>$7470</td>
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All rates are per person.

RHA fee is $30 ($15 for Fall semester and $15 for Spring semester)

December 8, 2011
Background:
On behalf of all of the residential student body, the Resident Housing Association held an open student forum on Monday, November 7th, 2011, regarding the proposed rental rate increase for the 2012-2013 academic year. The Resident Housing Association’s Board of Directors and Delegation, current residents of North Lake Village, West Lake Village, and South Village, including numerous Housing and University Administrators attended the forum.

Residential Student Concerns:
After extensive discussion concerning the rental rate proposal, the following are concerns, comments, and opinions from Housing Delegates and current residential students who are directly impacted from this proposed increase.

The majority of students understand the housing administration’s logic with the necessity of having an increase. Of the students in attendance, they all agreed that the increase is something that is, at this present time, with growing costs, a fair expectation. It was stated that because this is the first rental rate increase in two years, it is to be expected that in order to keep up with such innovative housing facilities and continue to foster the rapid growth of our university housing program, an increase of rental rates would be necessary.

The students frequently referenced a handout Dr. Fisher provided displaying Florida Gulf Coast University’s standings in the state with regards to housing rates. They were content with remaining in the middle of the spectrum with the 2% increase and felt that this position was adequately proportional to the overall quality of residential living.

One student was concerned that with the increase of housing rental rates, students would not be as inclined to live on campus. Thus, putting The Office of Housing and Residence Life in an unfavorable financial situation.

Conclusion:
As stated before, the majority of the present representatives understands the housing administration’s logic for an increase and agrees with its current necessity. Many would like to, in addition, suggest that careful consideration be taken into account regarding any possible increases in the years to come as it may overpoweringly financially burden students that are already in financial hardship, live out-of-state or live abroad, such as international students, and have no means of transportation, thus cannot seek an inexpensive alternative form of housing off campus.
On behalf of the Resident Housing Association, I would like to thank you for your consideration of the concerns stated by the current residential students of Florida Gulf Coast University.

Sincerely,

Glenn L. Mathieu, President
Resident Housing Association