

## MEMORANDUM

**DATE:** December 21, 2018

**TO:** William B. Givhan, Esq.  
General Counsel and Chief Operating Officer  
CHF-Santa Cruz I, L.L.C.

**FROM:** Matthew Bohannon – Vice President  
Brailsford & Dunlavey, Inc.

**RE:** Summary of Demand from the Winter and Fall 2018 Student Housing Analyses

---

## INTRODUCTION

In January 2018, CHF-Santa Cruz I, L.L.C. (“CHF”) engaged Brailsford & Dunlavey (“B&D”) to conduct a student housing demand analysis for the Student Housing West Project (“SHW”) at the University of California, Santa Cruz (“UCSC” or “the University”). The Student Housing West project is a planned 3,073-bed project that builds upon previous planning initiatives at UCSC to develop new housing for undergraduate students, graduate students, and students with families. The SHW project is to be delivered by 2022 through a public-private-partnership with Capstone Development Partners (“CDP”). CHF will own the housing assets which will revert back to the University at the end of the development agreement. This project is part of the University of California’s student housing initiative to build 14,000 on-campus beds across the system to support student success and allow for growth within the system. In October 2018, B&D was again engaged to analyze undergraduate student demand to address changes within the proposed SHW Project. Detailed findings of each analysis and methodologies can be found in the following documents:

- ◆ “Student Housing Demand Analysis” report dated April 2018
- ◆ “Findings of Fall 2018 Housing Demand Analysis” memorandum dated December 21, 2018, an addendum to the above report.

**This memorandum is only a summary of the demand analysis from both analyses and is an addendum to the original “Student Housing Demand Analysis” report dated April 2018.** Information in this memorandum relating to graduate students and family students is from the report dated April 2018 while information pertaining to the undergraduate population is from the December 21, 2018 memorandum.

## SUMMARY OF STUDENT HOUSING DEMAND

### Tested Unit Types

The two surveys provided students with a variety of options available for on-campus living that either currently exists at UCSC or would be a component of the SHW project. Unit types ranged from co-living units to apartments in a variety of sizes and occupancy configurations. Students were also provided additional information on the amenities and total cost for each unit type (Figure 1 – Undergraduates, Figure 2 – Graduates and Family Student Housing).

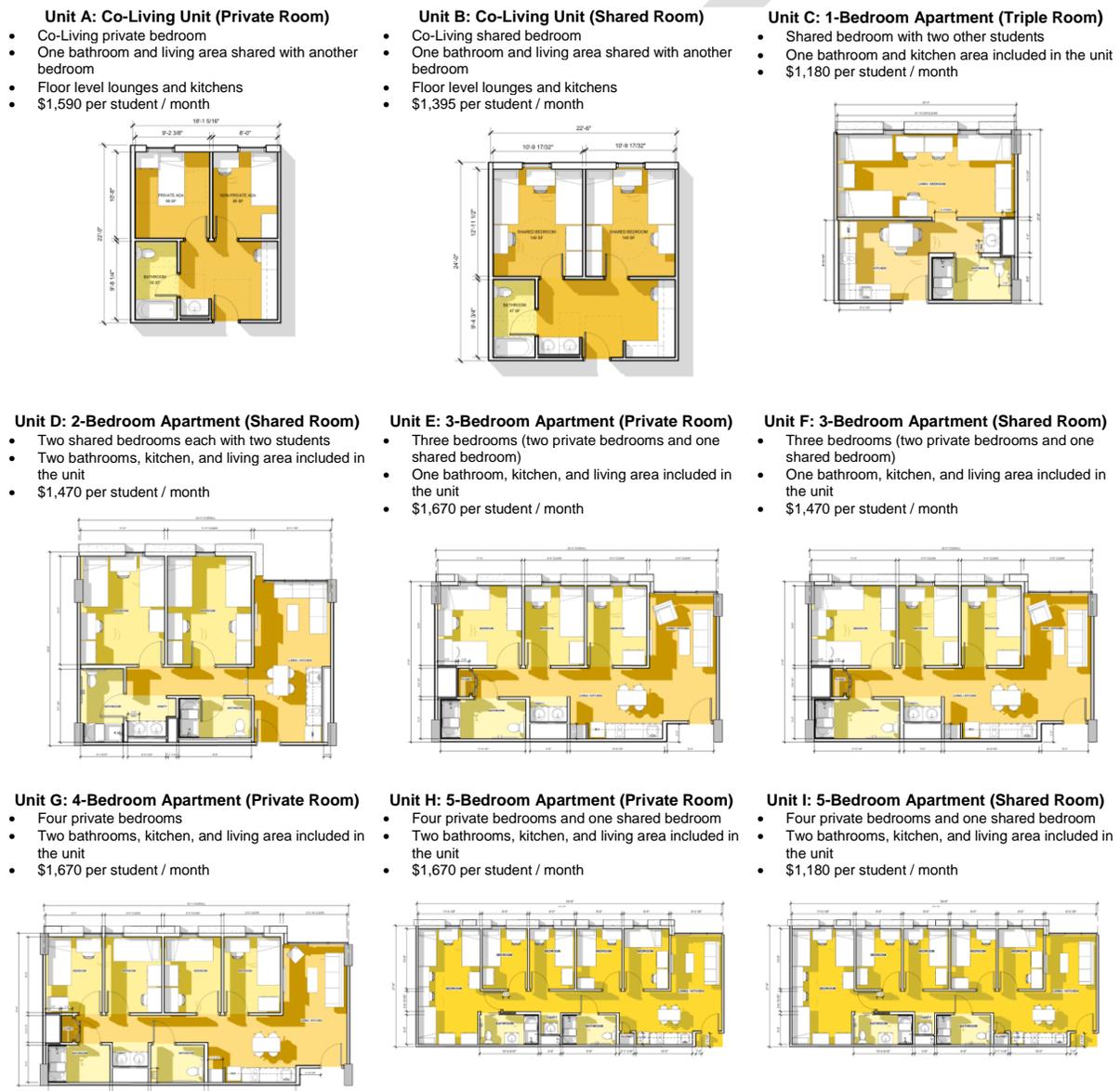
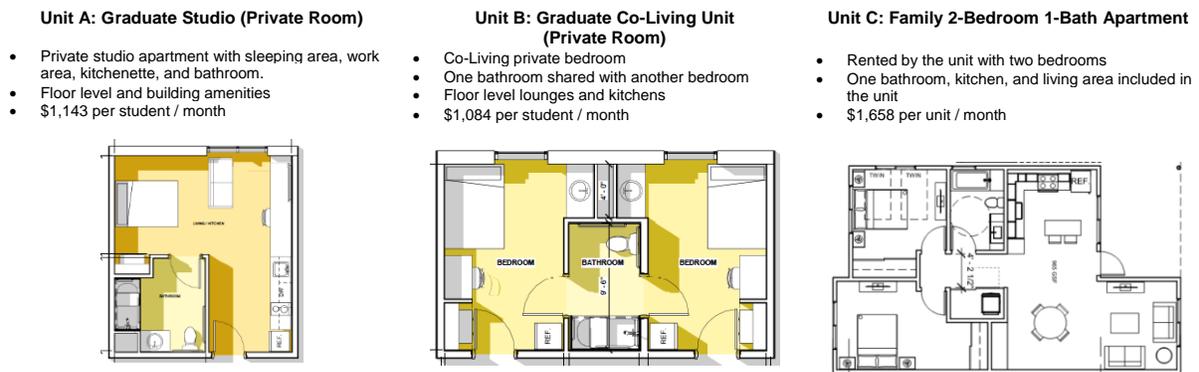


Figure 1: Unit Type Descriptions Shown to Single Undergraduate Students



**Figure 2:** Unit Type Descriptions Shown to Single Graduate Students or Students with Families

*Projected On-Campus Housing Inventory Changes*

UCSC is proceeding with a number of improvements to campus housing in addition to Student Housing West. The University is renovating / expanding Stevenson College, Crown Leonardo, and Kresge College housing facilities which will adjust capacity for housing over the next eight years (Figure 3). Additionally, the University will be de-densifying existing housing by returning triple occupancy rooms to double occupancy and return lounge spaces to their original use. The projected maximum amount of single undergraduate beds available on-campus during the next eight years is 11,375 (8,643 in existing housing and 2,732 in SHW). The projected total of single graduate beds available by fall of 2023 totals 308 (82 beds in existing housing and 226 in SHW). The projected total of Family Student Housing units is 139, all within SHW.

Project	Capacity Changes as of Fall										Total
	2018 (Current)	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Single Student Undergrad	8,916										8,916
Family Student Housing	196		-196								0
Graduate Housing	82										82
UCSC @ UCDC	22										22
Guest Housing	25	-9									16
Camper Park	42										42
Crown Leonardo Residence Hall Renovation		170									170
Stevenson Renovation		4									4
Kresge College Additions		-23		35		165					177
De-Densification of Housing					-588	-78	-78	-78	-78		-900
<b>Student Housing West FSH</b>			139								139
<b>Student Housing West Undergrad</b>					1,754	978					2,732
<b>Student Housing West Grad</b>					226						226
Total Existing:	9,283										
Net Change:	0	142	-57	35	1,392	1,065	-78	-78	-78	0	
<b>Total Available Beds (Existing + Net Change):</b>	<b>9,283</b>	<b>9,425</b>	<b>9,368</b>	<b>9,403</b>	<b>10,795</b>	<b>11,860</b>	<b>11,782</b>	<b>11,704</b>	<b>11,626</b>	<b>11,626</b>	<b>11,626</b>
<b>Total On-Campus Single Undergraduate Beds:</b>	<b>8,958</b>	<b>9,109</b>	<b>9,109</b>	<b>9,144</b>	<b>10,310</b>	<b>11,375</b>	<b>11,297</b>	<b>11,219</b>	<b>11,141</b>	<b>11,141</b>	
<b>Total On-Campus Single Graduate Beds:</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>308</b>	<b>308</b>	<b>308</b>	<b>308</b>	<b>308</b>	<b>308</b>	
<b>Total On-Campus Family Student Housing Units:</b>	<b>196</b>	<b>196</b>	<b>139</b>	<b>139</b>	<b>139</b>	<b>139</b>	<b>139</b>	<b>139</b>	<b>139</b>	<b>139</b>	

Note: Totals by population exclude Guest Housing and UCSC @ UCDC

**Figure 3:** Projected UCSC Housing Supply

*Projected On-Campus Housing Inventory Changes*

### Demand Analysis

Based on these factors, the Project Team has defined the likely target markets for the Student Housing West project and existing campus housing:

<u>Undergraduate Students</u>	<u>Graduate Students</u>	<u>Students with Families</u>
◆ Enrolled full-time	◆ Enrolled full-time	◆ Enrolled full-time
◆ Age 18-24	◆ Single without children	◆ Single or married with children
◆ Single without children	◆ Live on campus	◆ Live on campus
◆ Live on campus	◆ If off campus, currently rent and not living with family, partners, or dependents	◆ If off campus, currently rent and pay more than \$700 per month is rent
◆ If off campus, currently rent and not living with family, partner, or dependents	◆ Paying \$700 per month or more in rent	
◆ Paying \$700 per month or more in rent		

Using survey data and fall 2018 enrollment figures, B&D's demand model projected demand for 11,477 single undergraduate beds, 1,116 beds of graduate student beds, and 310 units of family student housing (Figure 4). A significant increase in capturing the sophomore, junior, and senior populations is possible given the interest and demand for unit types in Student Housing West. Demand for graduate housing sees the greatest increase in potential capture rates.

Class Year	Enrollment	Occupancy	Current Capture Rate	Projected Capture Rate	Single Student Demand (Beds)	Family Student Housing Demand (Units)
Freshman	4,775	4,145	87%	87%	4,167	
Sophomore	3,533	2,364	67%	79%	2,792	
Junior	4,312	1,471	34%	42%	1,803	175
Senior / Other	5,308	926	17%	51%	2,715	
Graduate / Other	1,880	77	4%	62%	1,166	135
<b>Total</b>	<b>17,928</b>	<b>8,906</b>	<b>50%</b>	<b>71%</b>	<b>12,643</b>	<b>310</b>

Total Demand: 12,953

**Figure 4:** Projected Capture Rate of Students

The modifications to existing housing inventory and the addition of new beds in Student Housing West will not exceed the demand present from the UCSC student body (Figure 5). Based on the analysis of demand for single undergraduate students, B&D projects an unmet demand of 102 beds given fall 2018 enrollment and the maximum single undergraduate beds on campus projected for fall 2023. This unmet demand total includes the demand of 11,477 minus the existing single undergraduate housing supply at UCSC of 8,958, supply modifications dropping 315 beds (de-densification of 666 beds within residence halls, and 351 beds in additions and renovations), and the proposal Student Housing West undergraduate program of 2,732 beds. The University plans future de-densification of student housing by an additional 234 beds increasing unmet demand to 336. Unmet demand from graduate students remains high with 858 beds after the new housing is built as a part of SHW. The total demand of 310 units of family housing leaves 171 units of unmet demand for this student group.

Single Undergraduate Students	Demand (Beds)	Single Graduate Students	Demand (Beds)	Family Student Housing	Demand (Units)
Current Supply (Fall 2018)	8,958	Current Supply (Fall 2018)	82	Current Supply (Fall 2018)	196
Supply Modifications <sup>1</sup>	(315)	Supply Modifications <sup>1</sup>	0	Supply Modifications <sup>1</sup>	(196)
<b>Revised Current Supply</b>	<b>8,643</b>	<b>Revised Current Supply</b>	<b>82</b>	<b>Revised Current Supply</b>	<b>0</b>
Student Housing West	2,732	Student Housing West	226	Student Housing West	139
<b>Current Supply + New Beds</b>	<b>11,375</b>	<b>Current Supply + New Beds</b>	<b>308</b>	<b>Current Supply + New Beds</b>	<b>139</b>
Total Demand	11,477	Total Demand	1,166	Total Demand	310
<b>Remaining Unmet Demand</b>	<b>102</b>	<b>Remaining Unmet Demand</b>	<b>858</b>	<b>Remaining Unmet Demand</b>	<b>171</b>

**Notes:**

1. Planned renovation / expansion of existing housing and de-densification of residence halls through Fall '23.

**Figure 5: Unmet Housing Demand**

Analysis of demand by unit type preference reveals that there is sufficient demand for all unit types that are proposed in the Student Housing West Project. While still demonstrating ample demand, the 4-bedroom apartment unit represents 26% of the SHW inventory but only shows an 11% buffer between projected supply and demand compared to other units like the shared co-living unit types which have a 124% buffer.

