

USFSP Student Housing Rental Request

2017-2019



October 27, 2016

Overview

- Housing rates increased once (2013) in 5 yrs
- Without housing rate increases:
 - Housing Inventory will not meet the Rating Agencies preferred 1.4x Debt Service Coverage Ratio (DSCR) in 2017-18
- Current DSCR exceeds the preferred 1.4x because occupancy is at 121% of design capacity
 - 655 beds presently occupied compared to 541 design capacity
 - If proposed P3 project is approved and constructed, expect occupancy rate to stabilize at 95% w/DSCR of 1.16x

Value of Living On-campus

Research indicates living on-campus improves student retention and graduation rates

- Safety
- Convenience (close to classes and resources)
- Multiple housing options (5 types)
- Our 3 Living Learning communities and access to faculty outside the classroom
- Academic success (graduation and retention)
- Connection to campus life
- Flexibility (change rooms or roommates, length of contract, cancellation options)

Impact of St. Petersburg Market

- Lack of affordable student housing near campus
 - On campus housing directly impacts retention & grad rate
 - Students leave due to affordable housing in downtown
- Hilton rates are more than \$1,000 higher in the Fall and \$2,000 higher in the Spring compared to a double unit on campus

Living on campus directly impacts retention & grad rate

Local Market Comparison

- Downtown housing prices too expensive for students
 - AER Apartments: up to \$4,140/month. Will not rent to students
 - Modera Prime 235: up to \$3,040/month
 - Hermitage Apartment: Opening this Fall. \$3,600/month. Reluctant to rent to students

Fall 2016 Rates	USFSP (single)	AER	Modera Prime	Hermitage
Semester Rate per Bed *	\$3,922	\$8,280	\$6,080	\$7,200

Cost Pressures

- Increasing a maintenance reserve as our facilities age
- Matching state/university salary & benefit increases

Minimum wage, Admin. and Staff wage, health premiums and other benefits
Since the University Student Center (USC) Housing opened in 2012, compensation and benefits increased from \$178,000 to \$353,000

- Increased utility and technology costs
 - + 4% Electric
 - + 5% Cable
 - + 10% Water

SUS Student Housing annual rent increase history

State University Student Housing Rental Rate History of Increases

USFSP has only raised housing rates once in the last five years (including FYE 2017).

	FYE 2013	FYE 2014	FYE 2015	FYE 2016
FAMU*	4.00%	4.00%	4.00%	4.00%
FAU	NA	2.43%	1.00%	3.39%
FGCU	3.50%	0.00%	0.00%	0.00%
FIU*	0.00%	0.00%	2.71%	0.00%
FSU*	5.00%	5.00%	3.00%	3.00%
NCF	3.00%	0.00%	0.00%	4.00%
UCF	1.97%	0.00%	0.00%	0.00%
UF	4.50%	4.50%	3.00%	3.50%
UNF*	3.10%	4.96%	3.29%	4.32%
UWF	5.98%	5.98%	2.87%	0.00%
SUS Average (w/o USF)	3.45%	2.69%	1.99%	2.22%
USFSP	0.00%	2.00%	0.00%	0.00%

Debt Service Coverage

Expect to fall below BOT DSCR policy of 1.3x w/o rate increases:

	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020*
Operating Revenues	5,925,619	6,973,315	6,952,704	6,962,672	6,962,672	6,365,500
Maintenance and Repairs	411,988	277,625	476,841	397,850	409,786	422,079
Other Operating Expenses	1,917,387	2,447,370	2,813,159	2,987,171	3,062,839	2,675,898
Net Income	3,596,244	4,248,320	3,662,704	3,577,651	3,490,047	3,267,523
Debt Service	2,990,370	2,448,054	2,508,743	2,812,942	2,830,404	2,813,070
Debt Service Coverage Ratio	1.20x	1.74x	1.46x	1.27x	1.23x	1.16x
Shortfall at 1.40x	-590,274	N/A	N/A	-360,468	-472,519	-670,772
Assumptions on Occupancy	88%	107%	121%	121%	121%	95%
Impact on USF Housing System DSCR	1.41x	1.51x	1.35x	1.33x	1.37x	1.37x

Without proposed increases

* FYE 2020 Hilton no longer utilized and no revenue for the P3 included

Explanation for Variation in Debt Service for FY16 and FY17

- \$88 M of USF Housing System bonds (\$24 M USFSP) were refunded for debt service savings in May 2015
 - \$2.4 M present value savings over next 20 years
- \$668 K of reserves – no longer required by new bonds, and applied to debt service in FYE 2016 (\$383 K) and FYE 2017 (\$285 K)
- Application of reserves determined by required amounts of Principal payments (FYE 2016 and FYE 2017)
- Refunding savings are evident in the change from FYE 2015 (\$2,990,370) to FYE 2018 (\$2,812,943)

USFSP Housing Rental Rate Proposal

USFSP Housing	Fall 2016 (FYE 2017)		Fall 2017 (FYE 2018)				Fall 2018 (FYE 2019)				Fall 2019 (FYE 2020)				Cumulative Annual Growth Rate
	Bed Count	Semester Rate	Bed Count	% Increase	\$ Increase	Semester Rate	Bed Count	% Increase	\$ Increase	Semester Rate	Bed Count	% Increase	\$ Increase	Semester Rate	CAGR
Hilton Double	48	\$4,984	50	0	0	\$4,984	50	0	0	\$4,984	x	x	x	x	0
RHO Shared Double (Tripled)	52	\$2,922	52	0	0	\$2,922	52	0	0	\$2,922	0	0	0	x	0
RHO Studio	8	\$3,784	8	7.0%	\$265	\$4,049	8	7.0%	\$283	\$4,332	8	4.0%	\$173	\$4,505	6.0%
RHO Single	311	\$3,922	311	7.0%	\$275	\$4,197	311	7.0%	\$294	\$4,491	308	4.0%	\$180	\$4,671	6.0%
USC Double	88	\$3,784	88	7.0%	\$265	\$4,049	88	7.0%	\$283	\$4,332	196	4.0%	\$173	\$4,505	6.0%
USC Triple	148	\$2,922	148	0	0	\$2,922	148	0	0	\$2,922	0	0	0	0	0
RHO Double	0	\$2,922	0	7.0%	\$205	\$3,127	0	7.0%	\$219	\$3,346	40	4.0%	\$134	\$3,480	6.0%
P3 Housing (New)											550			\$4,896	
Total USFSP Beds	655	1.46x	657	4.3%		1.35x	657	4.3%		1.39x	1102	4.0%		1.43x	

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Without proposed increases

DSCR calculations with recommended rate increases:

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With proposed increases

Recommendation

Approve three year rate schedule

Fall 2017: 4.3% Average

Fall 2018: 4.3% Average

Fall 2019: 4.0% Average

Cumulative Annual Rate increase from Fall 2012 through Fall 2019:

2.81%