



# Santa Monica College

## Student Housing Information – P3 Overview

January 2026



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## Public-Private Partnership for Student Housing

- A P3 for student housing is a structure where a college partners with a private developer to design, build, finance and, sometimes, operate student housing.
- The developer handles most of the financing and development while the college is included in all aspects of the development decisions.
- This structure shifts a significant amount of the financial and construction risk to the developer, who is in turn compensated with a fee.
- A long-term ground lease is formed with a not-for-profit entity for the duration of the financing (approximately 35 years) allowing the property to be tax-exempt and solely focused on residents who are affiliated with Santa Monica College or other educational institutions.

## P3: Common Questions

How is the Project financed?

Will the College / taxpayers be at risk?

How much will this cost SMC?

Where are the risks?

How is institutional control maintained?

What is the length of a public-private-partnership?



## P3: Considerations



Public-Private Partnership provides a **balance of risk and control**



**Today's interest rates** and years of unprecedented **construction cost escalation** drive up development costs



A **meaningful contribution from SMC** and/or other funding sources is **necessary** to maximize affordability



Larger programs generate some **economies of scale** and mitigate total cost of ownership

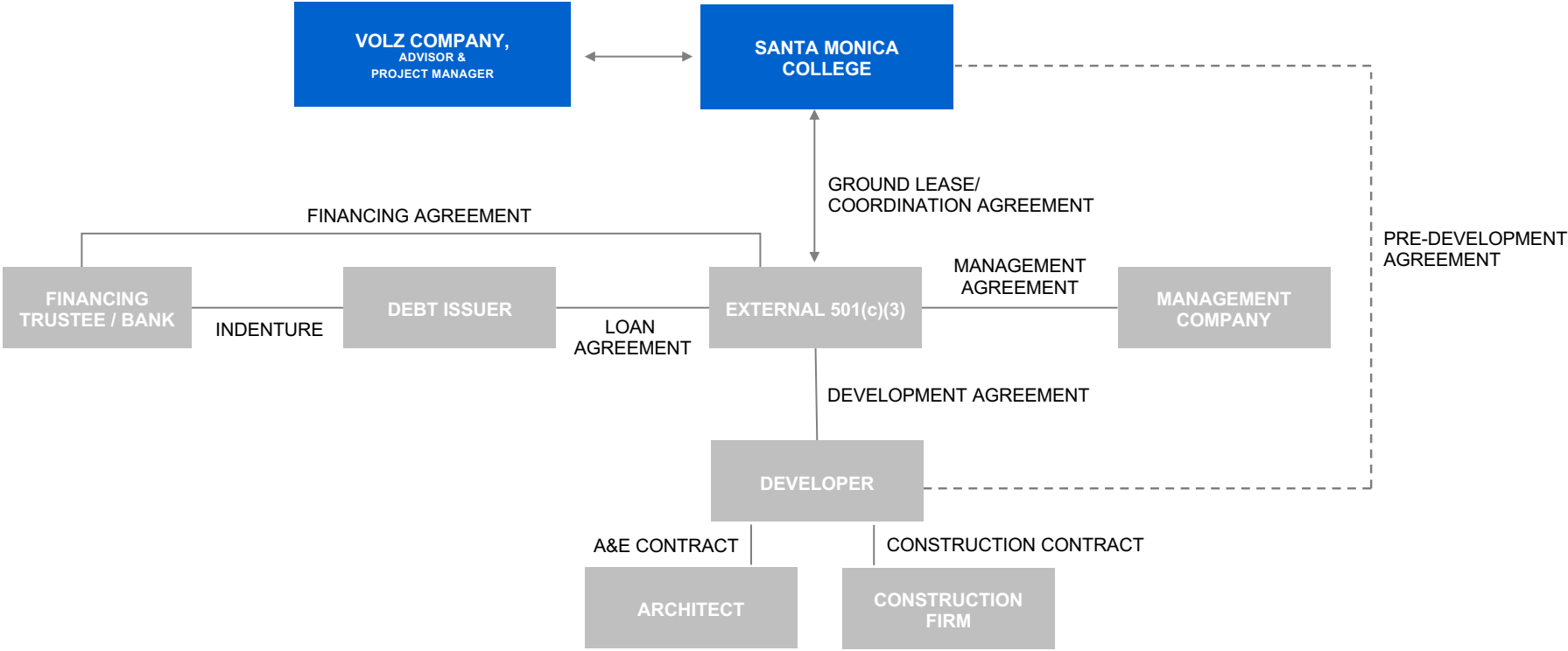


It is assumed that **utilizing the first floor of Bundy** decreases construction costs

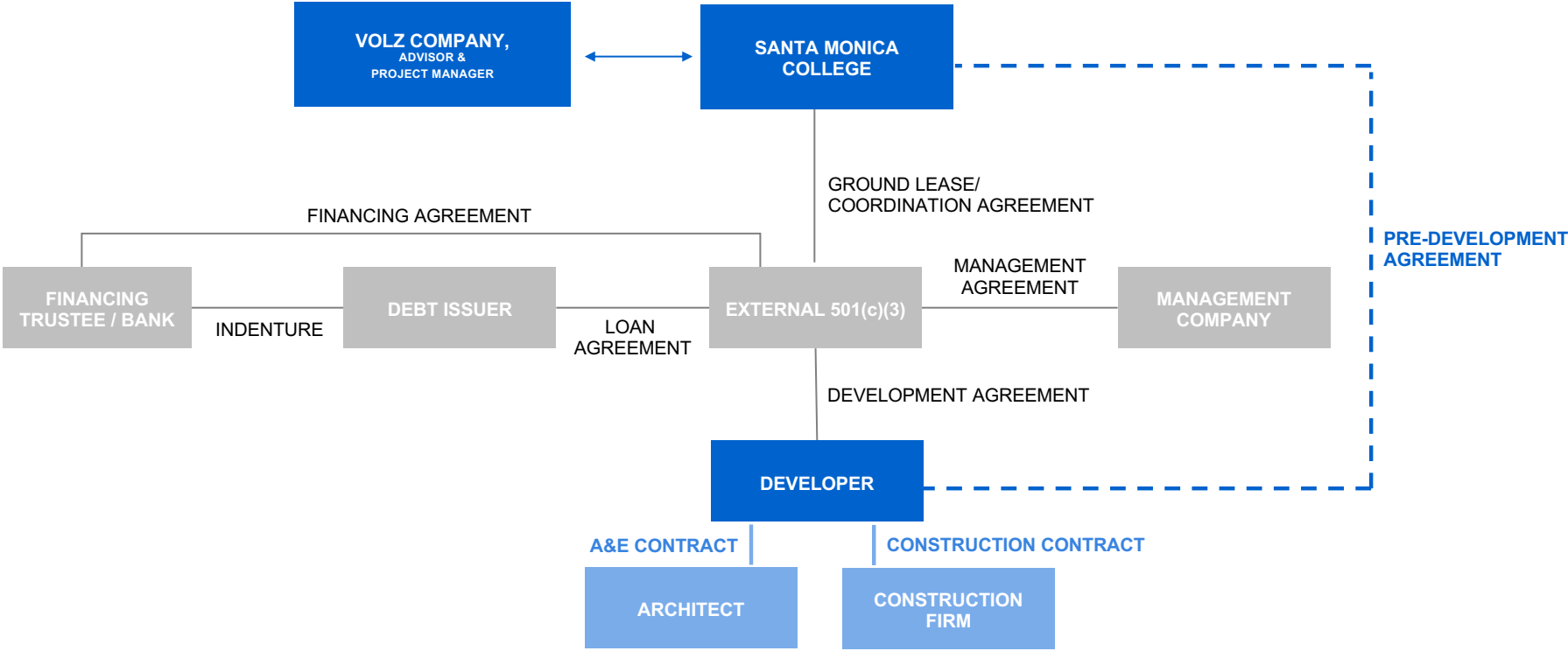


Students expressed **strong interest in student housing**; reduce costs and commute time

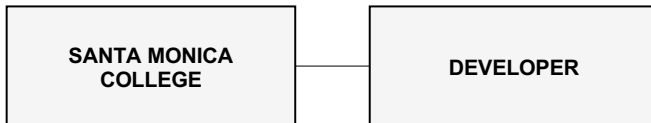
# Navigating a P3 Structure - *Today*



# P3 Structure – Pre-Development Agreement



# P3: Pre-Development Agreement



- Exists until financial close.
- Outlines risk sharing, should project not achieve financial close.
- Provides the Developer access to the Site.
- Outlines services to be completed.
- Includes legal language such as indemnification and insurance.

Design and Construction: 40 months  
 Design: 16 months  
 Construction: 24 months

**SMC exposure in Pre-Development: \$603,000 per month. \$10,250,000 at end of 16-month design\***

\*Assumes 750 beds and 2029 opening All numbers are order-of magnitude

# P3: Pre-Development Period

## Termination Events and Risk to Voter Approved Bond Monies



### Mutual Termination

Examples include Market Conditions and Force Majeure

The expenses are split 50/50 – reconciled before payment

As an example:

- **Developer expenses** = \$14,000,000
- **SMC expenses** = \$1,800,000
- **Total expenses** = \$15,800,000
- **Liability of SMC and Developer** = \$7,900,000 each
- **Bond Money Coverage** = \$5,600,000 (\$7,900,000 – \$2,300,000 (50% DM Fee – 50% of 50% Legal))
- **Net SMC payment** = \$2,300,000 (\$7,900,000 - \$5,600,000)

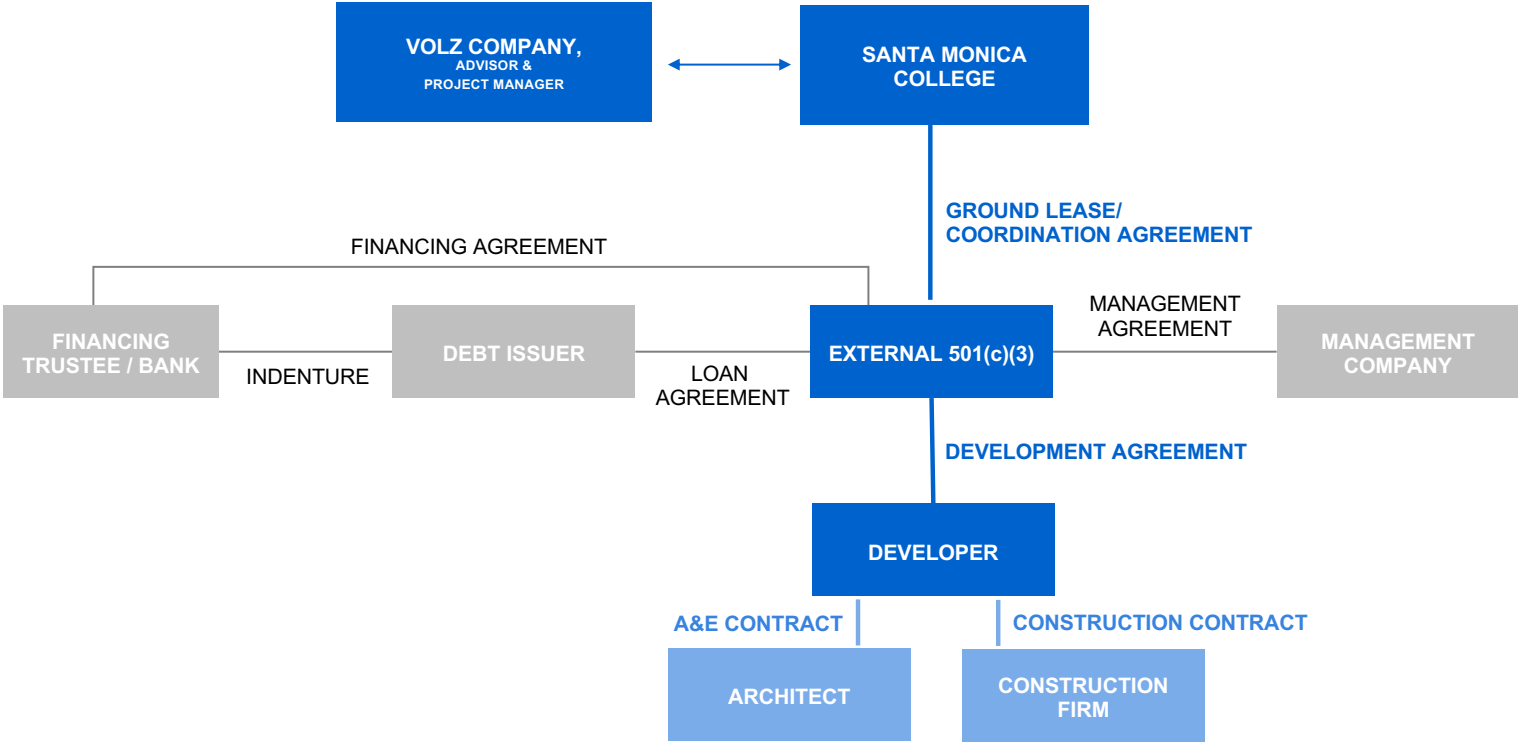
### Termination for Convenience

Terminating Party owes 100% of pre-development costs incurred to date to other party (Numbers double from above)

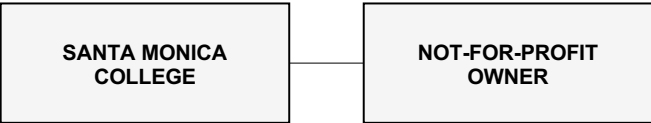
### Termination for Breach

Party that does not cure the breach owes 100% of pre-development costs incurred to date to the other party

# P3 Structure – Post Financial Close and during Construction

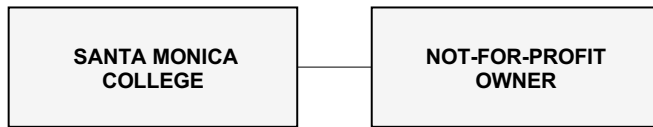


# P3: Ground Lease Agreement



- **Basic Site Access** – College is conveying commonly recognized real estate rights to owner.
- **Term** – A period of time sufficient to repay the bonds plus five years, but immediately terminable upon repayment of bonds.
- **Cash Flow Waterfall** – How cash is treated as it comes into the project, from top line lease revenue to residual cash flow.
- **Budget Approvals** – Both Parties’ obligation to agree on annual project operating budgets.
- **College Obligations** – Any services to be provided by the College.
- **Owner Obligations** – Compliance with laws, proper insurance, delivery and operation of project, etc.
- **Terms of Default and Rights to Cure by both Parties** – Typical real estate provisions.
- **Eligible Resident Waterfall** – Identification of Eligible Residents

# P3: Coordination Agreement

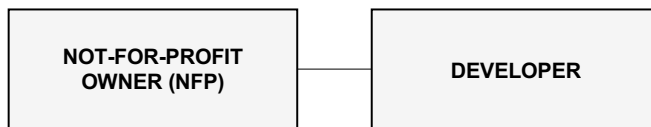
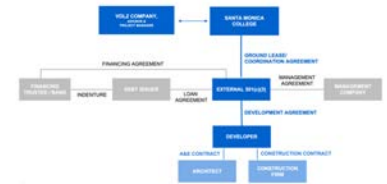


## Roles & Responsibilities of the Parties

### Example

- **Owner** – Deliver, maintain, and manage the Project.
- **Manager** – Market, manage, and coordinate residence life activities.
- **SMC** – Provide marketing support, outside services (security, utilities, etc.), and implement negotiated credit mechanisms, if applicable. (expense subordination).

# P3: Development Agreement

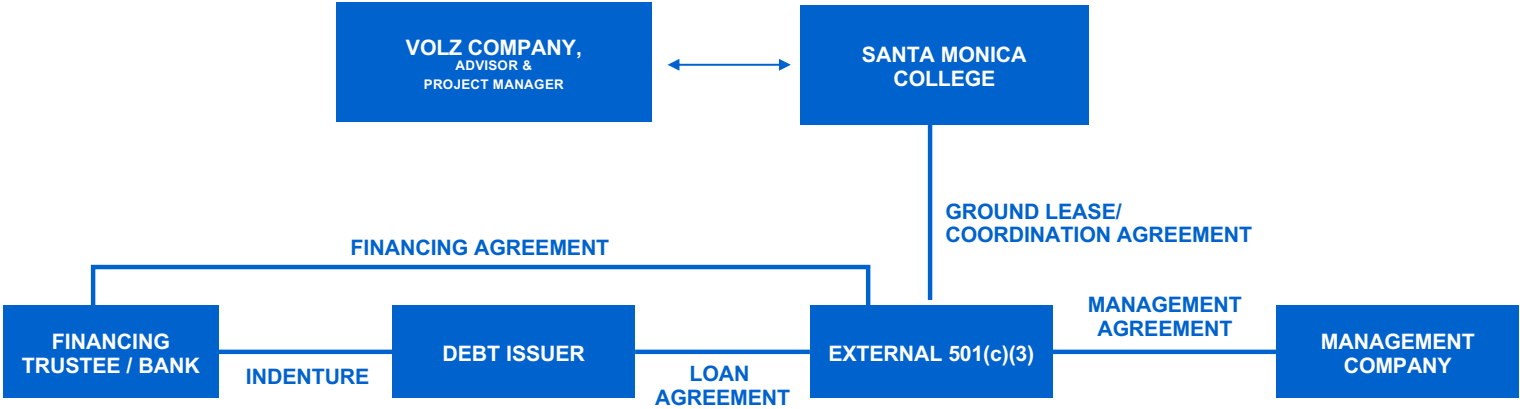


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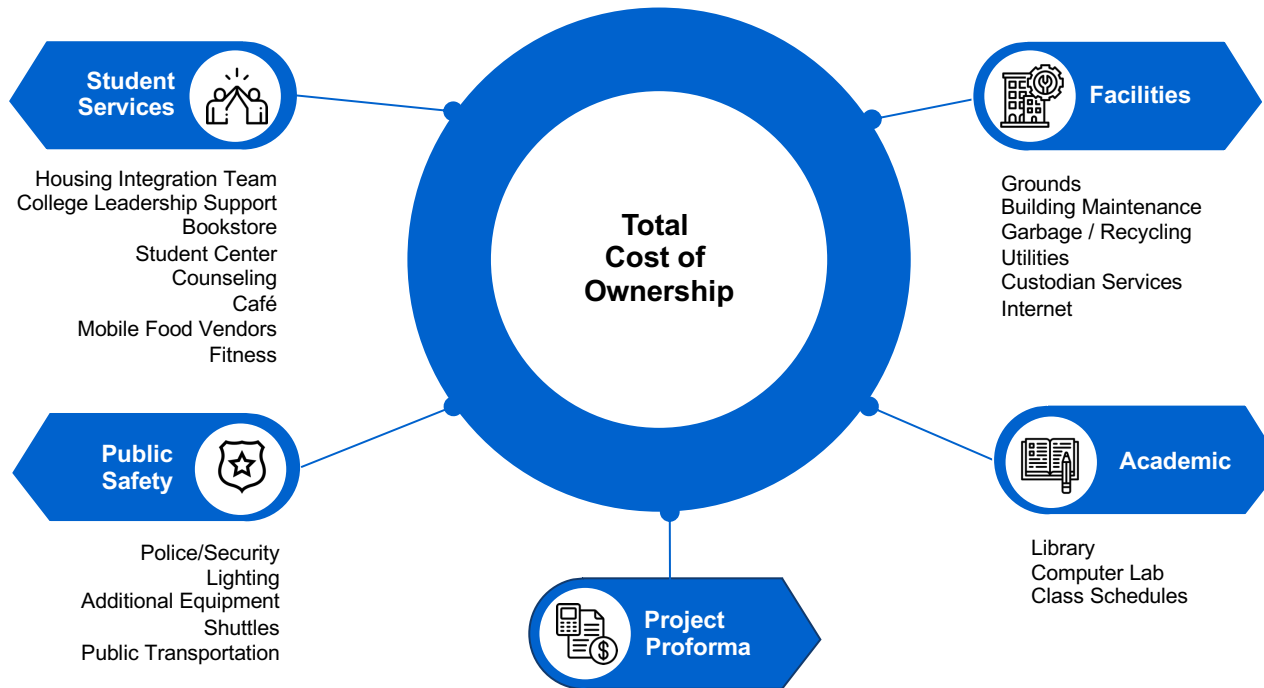
### Example

- **NFP** – Manage cash flow and reporting requirements.
- **Developer** – Manage the design and construction team. Assume liability for on-time, on-budget delivery. This includes alternative accommodations for student residents if a late delivery.
- **SMC Project Manager** – Stay informed and monitor budget and schedule and advise on any material changes.

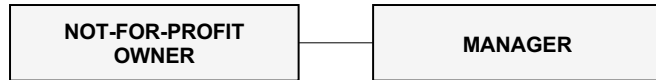
# P3 Structure: Ongoing Student Residential Outcomes



# P3: Holistic Engagement



# P3: Management Agreement



## Responsibility Matrix Example

Function	Manager	Shared	Institution
<b>ADMINISTRATION / OPERATIONS</b>			
Management and Facilities Staffing			
Resident Directors			
Room Data			
Resident Assistants			
Community Assistants			
Security			
Maintenance/Repairs			
STAFF Position Description			
Staff Recruitment			
Training of Resident Supervisors of Resident			
Annual Performance Evaluation of Resps			
Working Agreements			
Housing Applications			
Unit & Room Assign			
Resident Services			
Event Coordination			
Mail Distribution			
Emergency Response			
Facility Cleaning/CP			
Unit Turn			
IF-ALL Maintenance			
Inventory Management			
Insurance			
Pest Control			
Vending Machines			
<b>FACILITIES</b>			
Function			
replacements, etc. (all to comply with pre-approved annual budget)			
Provide Maintenance Staff for the Project			
Work Order Management			
Establishment of Preventative Maintenance Plan			
3rd Party Maintenance Contracts, if any			
Negotiating Vendor Contracts			
Investigation and Repair of Service Requests/Work Orders			
Internet Management/Technology Oversight			
Grounds Maintenance within Project (including litter removal)			
snow removal, de-icing)			
Parking Lots - Maintenance, Lighting, Cleanup			
Trash/Recycling Collection			
Pest Control			
Vending Machines			

Function	Manager	Shared	Institution
<b>MARKETING</b>			
Marketing & Branding Planning			
Collateral Material Approval			
Design Marketing Material			
Website Design, Hosting, and Maintenance			
Social Media Management			
Mailing Lists/Labels			
Access to Campus Events/Facilities			
Marketing on the Project website			
Leasing Tours			
Creation of Annual Marketing Reports			
<b>RESIDENCE LIFE</b>			
Function			
further the educational mission of the institution			
Operate Residence Life Program			
cleaning, smoking, drinking, quiet hours, visitors, recycling, etc.			
Creation of the Residence Life Policy Handbook (physical & web versions)			
Residential Policy/Resident & Student Code of Conduct Enforcement			
Conflict Resolution (Roommate/Parents)			
Incident Reporting			
Room Key Control/Inventory			
Damages Assessment			
Posting of Damages Charges			
Safety and Health Inspections of Resident Units & Notifications			

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