



Santa Monica College

Student Housing Update

November 2023



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Site, Program, Financial Sensitivities, Student Services

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Developer Procurement Process



1. Background

Where We Are Today



Engagement Services – District, College, Campus Community and Board Presentations

SB169 Grant & Division of the State Architect Update

Grant: SMC student housing grant application was submitted on July 3, 2023

Budget/Funding:

- The 2023 Budget Act (SB117) shifted the funding mechanism for the HESHGP from General Fund grants to lease revenue bonds issued by community colleges.
- SB 142 signed on September 13 includes intent language to develop a state-issued lease revenue bond or other statewide financing approach to support the previously-authorized projects from both Round 1 (2022) and Round 2 (2023).
- This will be developed no later than the enactment of the 2024 Budget Act, which will likely occur in June 2024.
 - Expected updates as early as January, 2024.
 - Several schools exploring alternative funding/financing/delivery methods.

Authority Having Jurisdiction:

- AB 358 was passed and exempts community college student housing projects on community college campuses from the Field Act/DSA. Colleges may still use DSA rather than local jurisdiction.
- More details expected to be released later this year.

Strategic Objectives for SMC Housing



**Improve student
access, retention and
success**



**Provide
cost effective housing
and basic needs and
concerns for student's
financial viability**



**Support
financial viability
(long-term revenue
generation) for SMC**



**Improve financial
accessibility for
students**

Demand and Unit Preference – Low Income Students (Single SB169)

Demand (Low Income Students – Single SB 169)		2022	2023	2024	2025	2026
Full-Time		1,226	1,238	1,251	1,263	1,276
Part-Time/Half-Time		1,297	1,310	1,323	1,337	1,350
Total Demand		2,523	2,548	2,574	2,600	2,626
UNIT TYPE PREFERENCE - FULL-TIME (BED COUNT)						
Traditional Single	27.6%	338	342	345	348	352
Traditional Double	9.3%	114	115	116	117	118
2BR Semi-Suite Single	15.4%	189	190	192	194	196
2BR Semi-Suite Double	8.0%	98	99	100	101	102
2BR APT Single	26.0%	319	322	325	328	332
2BR APT Double	4.5%	55	56	56	57	58
4BR APT Single	9.3%	114	115	116	117	118
UNIT TYPE PREFERENCE - PART-TIME/HALF-TIME (BED COUNT)						
Traditional Single	33.2%	431	435	440	444	449
Traditional Double	4.6%	59	60	60	61	62
2BR Semi-Suite Single	16.0%	207	209	211	213	215
2BR Semi-Suite Double	5.9%	76	77	78	78	79
2BR APT Single	26.1%	338	341	345	348	352
2BR APT Double	6.2%	80	81	82	83	84
4BR APT Single	8.1%	106	107	108	109	110

Note: Numbers displayed are rounded for clarity but may total unexpectedly.

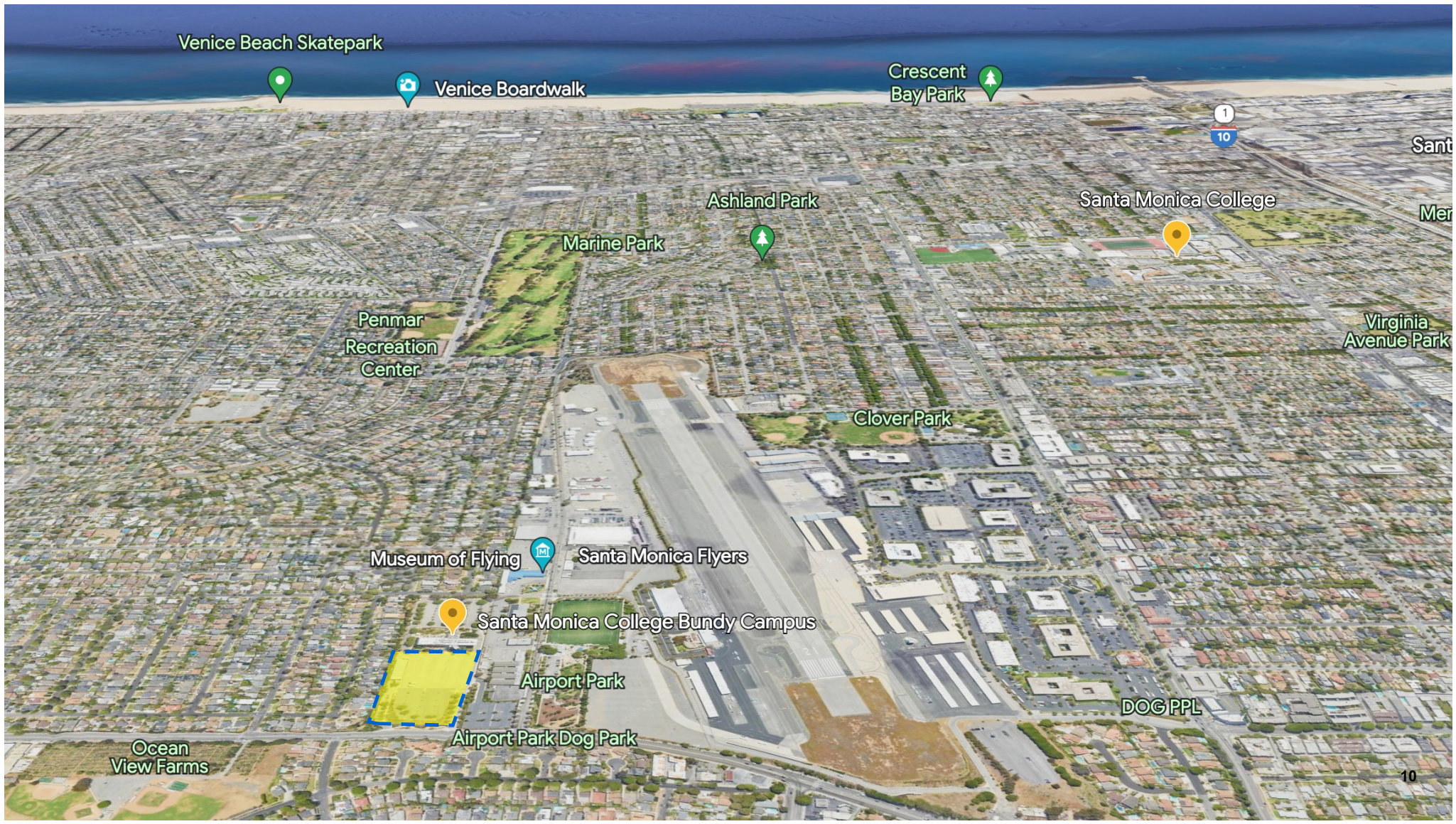
Demand and Unit Preference – Non Low-Income Students

Demand		2022	2023	2024	2025	2026
Full-Time		672	679	686	692	699
Part-Time/Half-Time		785	793	801	809	817
Total Demand		1,457	1,472	1,487	1,502	1,517
UNIT TYPE PREFERENCE - FULL-TIME (BED COUNT)						
Traditional Single	32.5%	218	221	223	225	227
Traditional Double	20.0%	134	136	137	138	140
2BR Semi-Suite Single	13.8%	92	93	94	95	96
2BR Semi-Suite Double	7.5%	50	51	51	52	52
2BR APT Single	12.5%	84	85	86	87	87
2BR APT Double	5.0%	34	34	34	35	35
4BR APT Single	8.8%	59	59	60	61	61
UNIT TYPE PREFERENCE - PART-TIME/HALF-TIME (BED COUNT)						
Traditional Single	35.9%	282	285	288	291	294
Traditional Double	17.2%	135	136	138	139	140
2BR Semi-Suite Single	7.8%	61	62	63	63	64
2BR Semi-Suite Double	12.5%	98	99	100	101	102
2BR APT Single	12.5%	98	99	100	101	102
2BR APT Double	1.6%	12	12	13	13	13
4BR APT Single	12.5%	98	99	100	101	102

Note: Numbers displayed are rounded for clarity but may total unexpectedly.

2.

**Site, Program, Financial Sensitives,
Student Services**



Venice Beach Skatepark



Venice Boardwalk



Crescent Bay Park



Ashland Park



Marine Park

Santa Monica College



Penmar Recreation Center

Virginia Avenue Park

Clover Park

Museum of Flying



Santa Monica Flyers



Santa Monica College Bundy Campus

Airport Park

Airport Park Dog Park

DOG PPL

Ocean View Farms

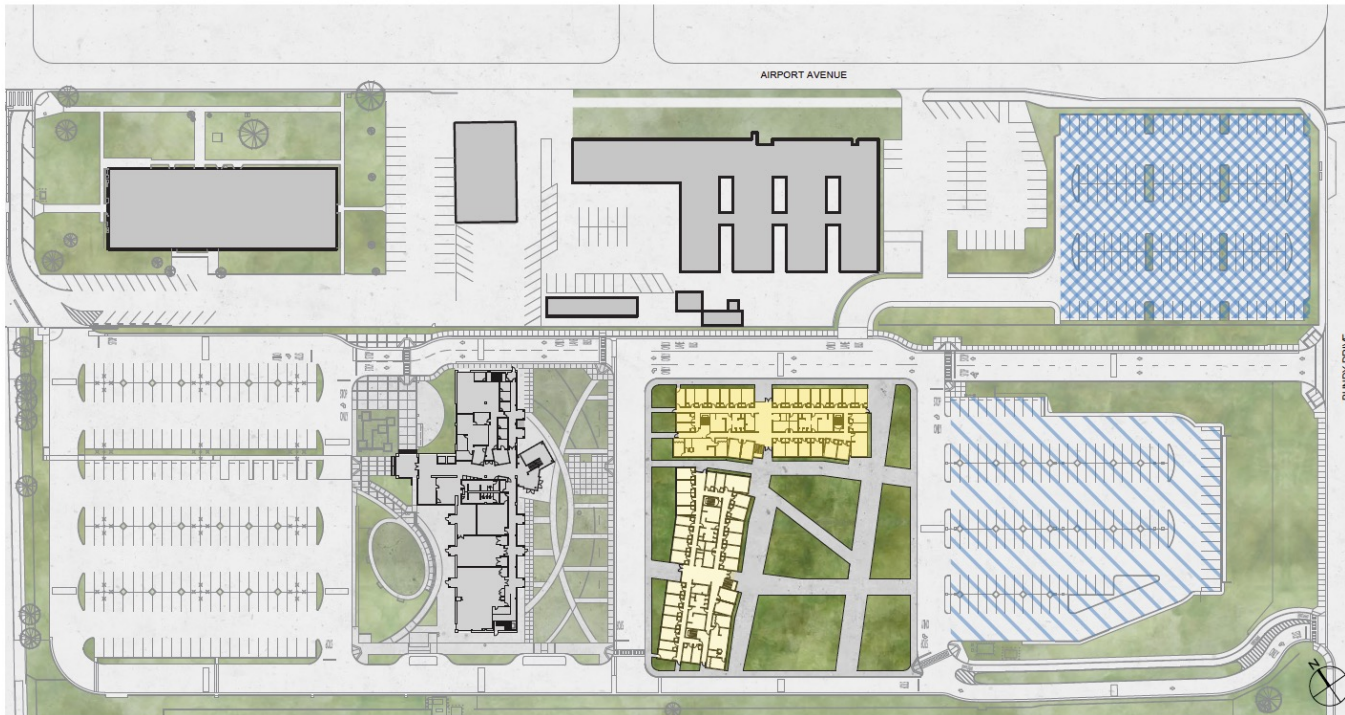
Identified Site: Bundy Campus

Preliminary test fits by West Edge Architects demonstrate that the site could accommodate two to two-and-a-half times the SB169 plan of 291 beds with current parking



■ Bundy Campus
■ Project Site

Site Plan Developed for Student Housing Grant



- Building A:**
 (1) 3 Story 140 Bed traditional Residence Hall Style Building (Single and Double Occupancy Rooms, Mental Wellness Offices, RD Apartment)
 - Building B:**
 (1) 3 Story 151 Bed traditional Residence Hall Style Building (Single and Double Occupancy Rooms)
- 291 Beds in total, 0.99 Parking Spots/ Bed

- Available Surface Parking: 288 Parking Spots in total
- 154 regular Parking Spots
 - 134 regular Parking Spots

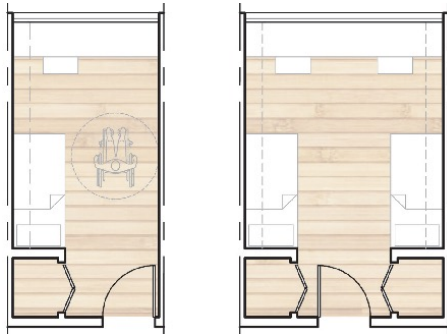
Note: Drawings completed by West Edge Architects

50 ft

Assumptions for Financial Modeling

Scale	Student Type
291 beds as a state-funded project; or up to 700 beds with private funding	Single Students (low income & non low income)
Mix of Unit Types	Financing
<ul style="list-style-type: none">• Traditional• Semi-Suite• Apartment	<ul style="list-style-type: none">• Public-Private Partnership• Contribution by the College that supports rental affordability• State grant funding

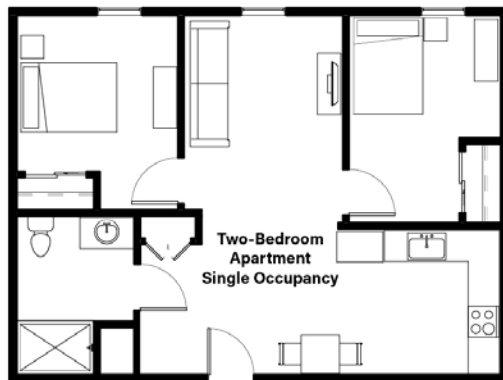
Tested Unit Types



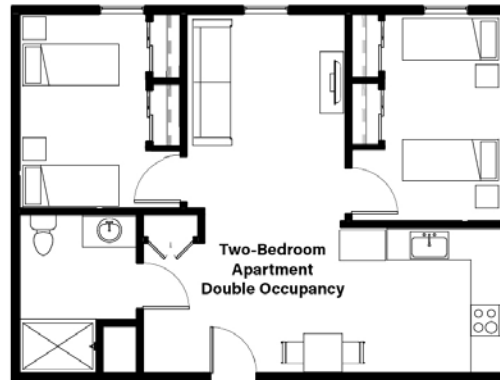
**Traditional Residence Hall Room
(Single & Double Occupancy)**



**2 Bedroom Semi-Suite
(Single & Double Occupancy)**



**Two-Bedroom
Apartment
Single Occupancy**



**Two-Bedroom
Apartment
Double Occupancy**



Bundy Campus existing building to support student housing

Student Feedback

- Virtually held on 9/13, 9/14 and 9/27
- 19 students participated
- The focus groups conducted in September were done in addition to the first set of focus groups which were held in March.

Key Themes:



Students **expressed strong interest** in living in student housing. Students were interested in student housing primarily to reduce commute time and to save on living costs as housing is too expensive in the community.



When looking for a place to live, the top criteria that affect their choice **are safety, location, price and convenience to stores and transportation**. The **average commute time for students is over 60 minutes**.



Students think the **Bundy Campus is a great location** for housing since the surrounding area is near grocery stores, less congested with traffic and close to the main campus. Majority of students would favor a shuttle service over a personal vehicle to get to the main campus.



Students are **content with sharing amenities** such as community gathering spaces, study rooms, and outdoor areas with other student housing buildings. Students prefer each building to have its own laundry area and a common kitchen. Amenities most important for are **food options, a food/clothing/first aid & hygiene pantry, and a recycling area**.



Students preferred a studio or a 2-bedroom apartment. Students shared that the “market” and mid-tier” testing rates were too expensive but would feel comfortable paying the “affordable” testing rates.

Key Findings

- Today's interest rates and cost of construction drive up rental rates
- 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 utilizing the first floor of Bundy decreases construction costs
- Students expressed strong interest in student housing; reduce costs and commute time
- Public-Private Partnership provides a balance of risk and control

3.

Public-Private Partnership Overview

Characteristics of a Public-Private Partnership



Team

Primarily consists of a developer, architect, builder, property manager, financing trustee, and debt issuer



Ownership of the Housing

(campus housing improvements on College-owned land)

Transferred to a not-for-profit 501(c)(3) entity who becomes the Owner. Site control is conveyed through a ground lease, which is usually terminable after Project financing is paid



Management Agreement

Between a 3rd party management entity/College and the Owner (501(c)(3) entity)

Typically for 3 – 5 years

Including a matrix that details the responsibilities of the College and the manager



Continual 1.2 Debt Service Coverage Ratio Required

Net operating income / total debt service



Ownership Transferred to College

Upon repayment of the bond debt and expiration or termination of the ground lease (approximately 30 – 40 years)

P3 Risk and Control

Sample Control Items:

Mission Alignment
Program Design
Construction Standards
Schedule
Operations – Program & Cash Flow

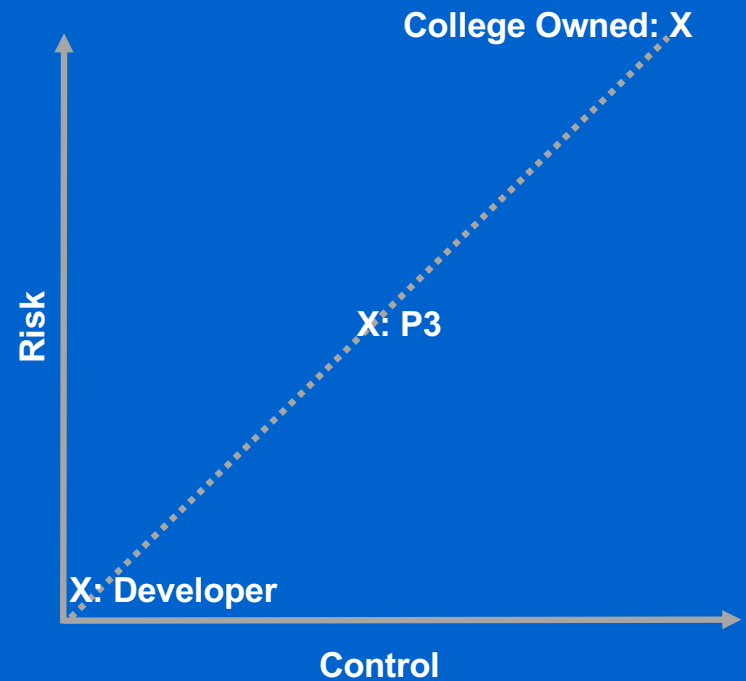
Example Risk Items:

Cost Impact
Credit Impact
Reputation Impact

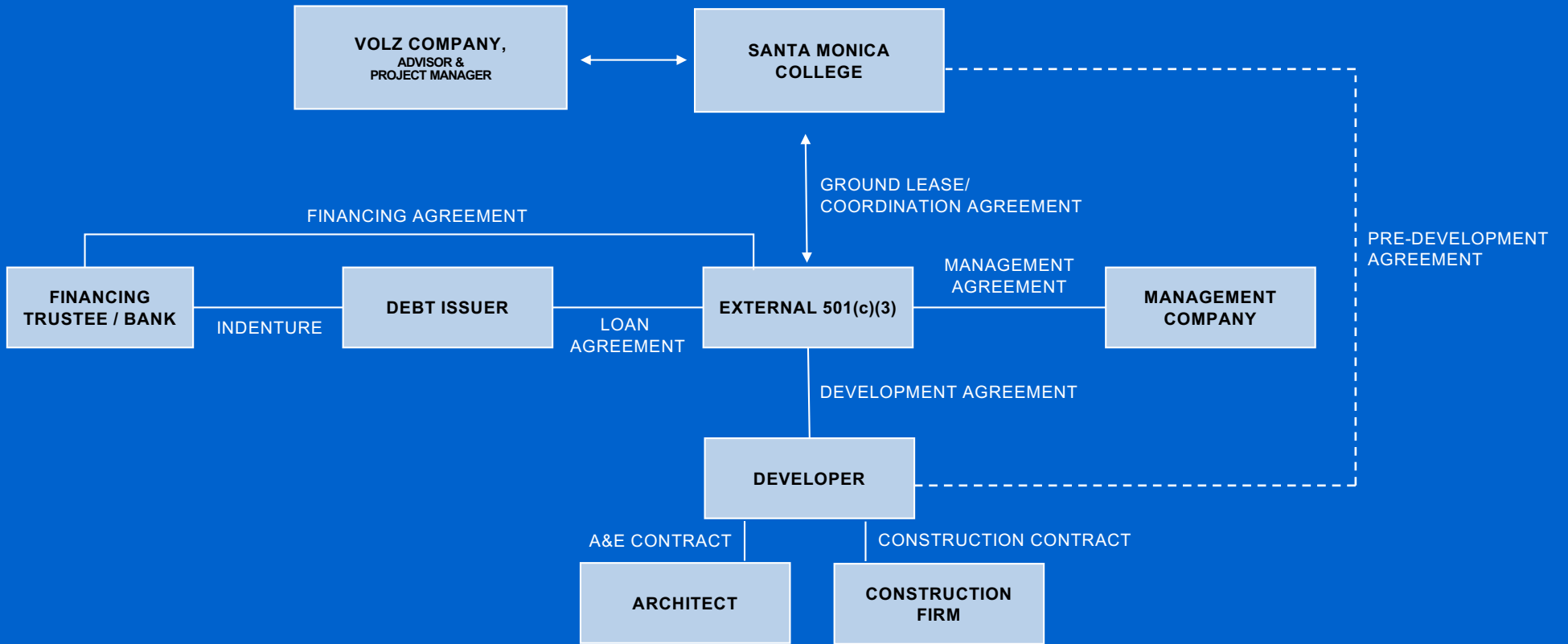
Where is the X?

Balance flexibility of control with risk tolerance to achieve success

Risk versus Control



P3 Structure

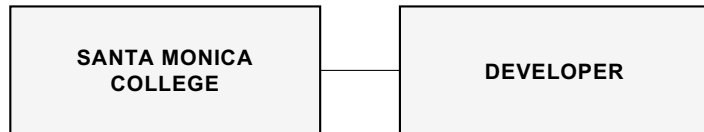


Primary Agreements

Pre-Development Agreement
(exists through financial close)

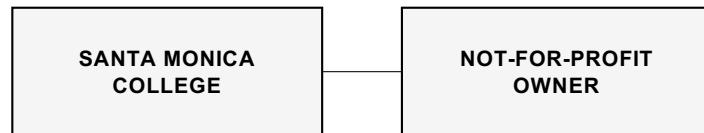
Ground Lease
(the governing document; exists until ownership is transferred back to the College)

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.

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

Potential Risks to the College

Ground Lease

- Financial risk up to the limit of negotiated credit supports.
 - Residual cash flow at risk to Project performance.
 - Compliance with non-compete provisions and project prioritization conditions (ie., statement of affiliation).
 - Timely action and appropriate logistical support to owner and manager in the execution of their duties to cure potential events of default.
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4.

Developer Procurement Process

Process to Procure Public-Private Partner

Schedule of Activity

(subject to change)

Activity	Estimated Date
Advertisement & RFQ Issue	November 8, 2023
Pre-Proposal Conference & Site Tour	November 29, 2023 @ 10:00 am PST
Last Day to Submit Questions Regarding RFQ	December 8, 2023 @ 10:00 am PST
Answers to Questions & Final Addendum Issued (If Required)	December 13, 2023
SOQs Due	December 20, 2023 @ 2:00 pm PST
Notify Shortlisted Firms & Issue RFP	January 11, 2024
On-Campus Working Sessions with Shortlisted Firms	February 7, 2024 @ 10:00 am PST
RFP Responses Due	March 1, 2024 @ 2:00 pm PST
On-Campus Interviews	March 18, 2024
RFP Award Recommendation (Internal)	March 20, 2024
Board of Trustees Approval	April 2, 2024
Notice of RFP Award	April 3, 2024



Questions & Discussion

THANK YOU!