

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
University of Florida
UF - Student Housing Facility; \$245M Bonds**

Project Summary

Project Description:

The University of Florida (“UF” or “University”) is seeking authorization to issue debt of \$245M (the “Bonds”) through the Division of Bond Finance (“DBF”) to finance the proposed design and construction of a new student housing project on the University’s main campus (the “Project”).

The Project will consist of two 8-9-story residence halls, totaling approximately 350,000 gsf and containing approximately 1,101 beds in a mixture of primarily 2-bed/1-bath single- and double-occupancy semi-suite rooms, as well as community spaces and a ‘grab-and-go’ dining area. To maintain affordability for students, UF intends to set the Project’s rental rate approximately 5% below Honors Village. Importantly, the Project will help UF address the excess demand for on-campus housing, as evidenced by a historically high occupancy rate of 98%-99 % coupled with annual waiting lists. Additionally, the Project will continue to play an indirect role in facilitating much-needed capital renewal and deferred maintenance within the housing system in the years to come, as discussed below. According to the University, the Project will mainly target first-year students (Freshmen).

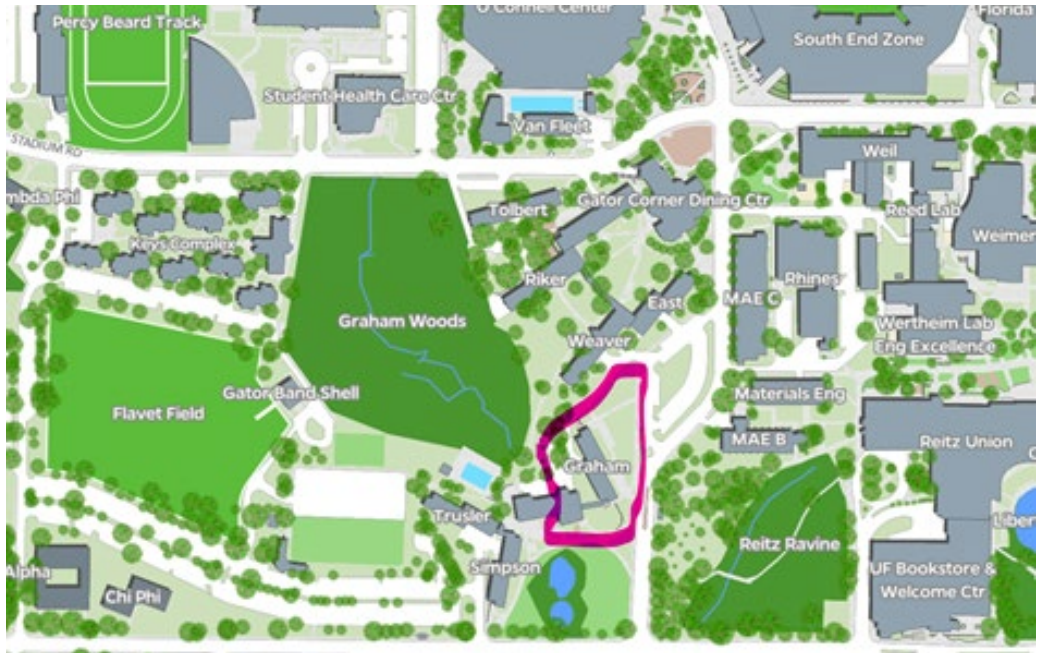
Within one of the Project’s buildings, the University plans to allocate approximately 18,300 square feet of ‘shell space’ (which will partially occupy two stories) to the Disability Resource Center project (“DRC”). The DRC will serve UF Students with disabilities, and the cost to build out this shell space will be funded with multi-year CITF allocations, not bond proceeds.

The Project will increase the existing undergraduate housing system’s capacity by 5.11% to 9,793 beds. After replacing 622 beds lost due to the demolition of Trusler, Simpson, and Graham, the Project will result in a net addition of 479 beds to the bed capacity.

The Project is included in the University’s approved Campus Master Plan for 2020-2030, approved by the UF Board of Trustees (BOT) in December 2024. The proposed Project and financing plan were approved by the BOT on December 4, 2025.

Project Location:

The Project will be the first of a multi-phase housing approach located on the site formerly occupied by Trusler, Simpson, and Graham Halls in the central area of the main campus, near the intersection of Museum Road and Gale Lemerand Drive, see map below.



Design and Construction Phase:

Project planning and design are underway. The University selected Balfour Beatty as the developer and construction manager. Clark Nexsen and Walker Architects will serve as the Project architect. Finalization of a guaranteed maximum price contract ("GMP") is expected by May 2026, followed by construction commencement in June 2026 and completion by July 2028, in time for student occupancy for the Fall 2028 semester.

Project Cost:

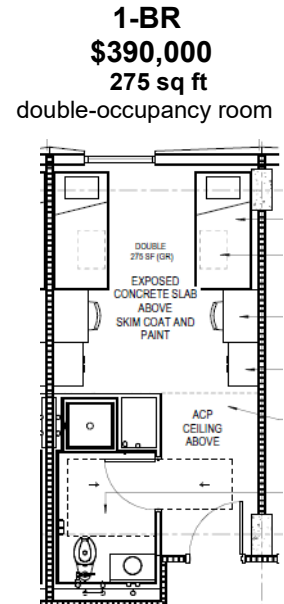
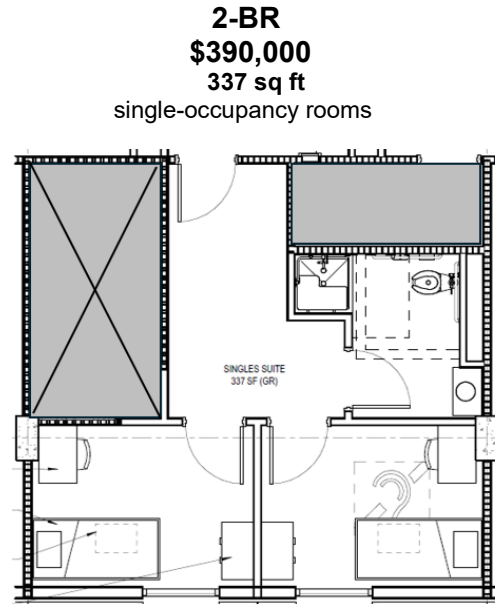
The Project is expected to cost no more than \$214.7M, including \$198.6M in design, construction, FF&E, \$8.5M (4%) Developer Contingency (on hard + soft costs), \$4.2M (2%) on Contractor Contingency (on hard costs), and \$3.2M (1.50%) on Design Contingency (on hard costs). Based on 350,000 gsf, the cost equates to **over \$613 / sq. ft.**

Based on total cost and bed count, the Project's per-bed cost of \$195K will be the second highest to date among SUS student housing projects (see chart below). UF attributes the high cost to inflation over the past five years. According to the University, they are committed to evaluating opportunities to decrease the Project cost as they finalize their GMP.

Per-Bed Cost Comparison*					
Approval Date	Univ.	Location	Beds	Cost Per Bed	Notes
25-Jan	FIU	Miami	1174	\$211.3K	Proposed Project
26-Jan	UF	Gainesville	1101	\$195.0K	Proposed Project
24-Jun	FAU	Boca Raton	670	\$160.5K	
23-Oct	FAMU	Tallahassee	700	\$121.4K	
23-Sep	UNF	Jacksonville	521	\$147.6K	
Jan-23	FPU	Lakeland	539	\$49.2K	Acquisition of existing facility
Jan-23	FPU	Lakeland	430	\$95.6K	
Sep-22	USF	Sarasota-Manatee	200	\$105.0K	
Mar-21	UF	Gainesville	1400	\$157.0K	
Mar-20	FIU	Miami	700	\$125.0K	
Jan-20	FSU	Panama City	400	\$57.8K	P3 project
Apr-19	FAU	Boca Raton	616	\$87.8K	
Apr-19	FAU	Jupiter	165	\$91.8K	Includes parking
Nov-18	USF	St. Petersburg	375	\$78.7K	
Nov-18	FAMU	Tallahassee	700	\$85.7K	

*Based on original Board approved Project Summary reports, specifically Project cost and bed count.

Implied per-Unit Cost (based on per-bed cost of \$195,000)



The Project will include a 'grab-n-go dining' station of approximately 1,300 s.f., and another 15% (roughly) of the Project's total space will be allocated to 'community' areas (study areas, social/lounge, etc.). The related cost of these areas has not been netted from the above estimates.

Demand Analysis:

In Spring 2024, the University engaged Rieth Jones Advisors (“RJA”), a national professional consulting firm that specializes in such studies, to update its 10-year housing strategy, including demand and feasibility for the Project. RJA’s findings are reflected in a report dated November 2025 (“the Study”).

First-Year Students

Per the Study, between Fall 2023 and Fall 2024, UF experienced an 11% increase in its full-time first-year population (with growth continuing into FY 2025) and, while. Though UF has no ‘live-on-campus’ requirement for its incoming first-year students, it captures 70% or more of the incoming first-year population (as shown in the chart below). While the recent opening of phases 1 & 2 of ‘Honors Village’ (1,400 on-campus beds) helped to absorb some of the increased demand, UF’s general housing assignment policy prioritizes returning students for building and room selection, thus limiting the number of first-year students who can access on-campus housing. To address this, the Project will add capacity for incoming first-year students, making on-campus housing more accessible.

Undergraduate Full-Time Enrollment & On-Campus Housing Capture Rates			
	Full-Time Enrollment	Capture Rate	Housing Residents
Fall 2023			
First-Year (Full-Time)	6,733	78%	5,285
Other Undergraduate (Full-Time)	26,842	11%	2,830
Fall 2024			
First-Year (Full-Time)	7,378	76%	5,575
Other Undergraduate (Full-Time)	28,007	12%	3,365
Fall 2025			
First-Year (Full-Time)	7,449	70%	5,238
Other Undergraduate (Full-Time)	28,826	11%	3,290
Source: 2025 Rieth Jones Advisors Market Demand Report			

Unit Mix

The Study assessed the demand in the targeted student population and off-campus rental market in relation to the rental rates and unit mix for the Project. To this extent, RJA supported adding approximately 1,602 beds (more than the Project’s 479 ‘net’ beds) by Fall 2028 but recommended that such demand be met through a phased-in approach. Thus, UF plans to target first-year students with the Project.

The unit mix primarily includes single- and double-occupancy semi-suite units, which are typically reserved for first-year students (see anticipated unit mix below). Ultimately, the Project will alleviate some demand from the growing waiting list of over 1,000 students while replacing lost beds from the demolition of three aged dorms (Graham, Simpson, and Trusler).

	Units	Bedrooms	Beds	Unit SF	SF Per Bed
Semi-Suite Double-Occupancy	485	485	970	275 SF	137.5 SF
Semi-Suite Single-Occupancy	20	40	40	337 SF	168.5 SF
ADA En-Suite Single	7	7	7	275 SF	137.5 SF
ADA Double	13	13	26	360 SF	180 SF
ADA Single Suite	15	30	30	361 SF	180.5 SF
RA Single-Occupancy	28	28	28	275 SF	275 SF
Total	568	603	1,101	-	-

Waiting List for On-Campus Housing

Currently, the University has approximately 8,691 on-campus beds and operates at 99% occupancy. In Fall 2025, three dormitories that were primarily used to house first-year students were taken offline and demolished, resulting in a decrease of 622 beds in the existing housing system's capacity. Even with the recent addition of phases 1 & 2 of the Honor's dorm in FY24 and FY25 (roughly 1,400 beds), the University has no capacity to accommodate increased demand. Additionally, according to the University, Spring 2025 saw a historic peak in waiting list beds (i.e., 1,283). The following chart shows historical on-campus occupancy.

UF Historic Undergraduate Occupancy	Historical				
	Fall 2021	Fall 2022	Fall 2023	Fall 2024	Fall 2025
Total Residents	7,837	7,842	8,398	9,240	8,597
Total Beds	7,910	7,910	8,569	9,314	8,692
Occupancy Percentage	99%	99%	98%	99%	99%

Rental Rate Increases

To align the rental rates with the housing systems' increased expenses, the UF BOT authorized multiple rental rate increases. The rental rate increases will, in turn, expand the system's capacity to issue more debt to build more housing. In June 2019, they approved a 4.5% annual increase for FY22 through FY26, and in December 2023, an extension of this increase through FY30 was approved. In December 2023, they approved a 2% increase for FY25 through FY30 in addition to the 4.5% increase. Finally, in December 2024, they approved a 4% increase for FY26 through FY30 in addition to the 4.5% & 2% increases. Cumulatively, the BOT has approved annual rental rate increases of 4.5% for FY22 through FY24, 6.5% for FY25, and 10.5% for FY26 through FY30.

The Study states that, while the BOT-approved rental rate increases place UF among the highest in the SUS, the University is committed to maintaining accessibility and affordability for students by offering a range of on-campus housing options. Notably, the Project's proposed rates (\$6,850 per bed per semester) are intended to be 5% below the recently opened Honors dorm.

The Study analyzed current market conditions and trends near the University's campus and identified a "Primary Market Area" (PMA) as encompassing a 1-mile radius from the center of campus. The PMA is primarily comprised of student-focused apartment complexes with a total of approximately 9,300 beds. RJA indicated the off-campus market is robust, although its rental rates remain higher than on-campus options (see chart below). RJA calculated the off-campus monthly rate for Fall 2025 by averaging rental rates from 40 properties in the PMA, which included various unit mixes from Studio to 4-bedroom units. However, this calculation excludes utilities and furnishings, which are included in UF's on-campus averages, while not considering that off-campus housing is typically single-occupancy, whereas the Project is predominantly (over 85%) double-occupancy. In light of this, according to the Study, the Project will have the second-highest rental rates for UF on-campus housing yet still falls approximately 17% below the off-campus average. It should be noted that, despite the higher cost of off-campus housing, as described, upper-grad students usually elect to live off-campus to enjoy amenities not associated with on-campus options, while a majority of first-year full-time students tend to live on-campus, as previously discussed.

Fall 2025 Monthly Rate Comparison (Per Bedroom)	
	<u>Monthly Rate</u>
UF Traditional Style	\$842
UF Average	\$900
UF Apartment Style	\$917
UF Suite Style	\$1,052
UF Proposed Project	\$1,128
UF Honors Village	\$1,205
Off-Campus Average	\$1,356

Financing Structure: The Project will be financed with 30-year, fixed-rate, tax-exempt Bonds, with level debt service, issued by DBF in an amount not to exceed \$245M, inclusive of capitalized interest and cost of issuance. To that extent, \$24.9M will fund capitalized interest during the construction period (approximately 23 months), and \$400k will fund cost of issuance. A debt service reserve is not necessary and is therefore not included. For the purpose of the pro forma projections, an interest rate of 5.75% is assumed (the EDR Revenue Estimate Conference long-term rate, typically used by the State in debt service projections), resulting in Project debt service of approximately \$17.8M per year. (See attached ***Estimated Debt Service Schedule***). UF assumed an interest rate of 5.75%; however, the University expects the actual interest rate to be less. As of October 2025, the University's anticipated rate was 4.75%, resulting in annual debt service approximately \$1.8M lower than that assumed in the pro forma projections.

Security Structure & Pledged Revenues: The Bonds will be issued on parity with UF's current Housing System debt Series 2015A, 2020A, and 2021A, with an aggregate outstanding balance of \$338M, which is payable from pledged revenues; primarily from rental income, as well as summer special event rentals and other miscellaneous collections after

deducting operating and maintenance expenses (“Pledged Revenues”). The Bonds will be payable solely from Pledged Revenues.

Debt Service Coverage:

Historically, the UF Housing System has generated Pledged Revenues sufficient to provide robust debt service coverage of 1.80x or better. UF’s new Honors Dorm, phase 1 & 2, which was not self-supporting as a stand-alone project (DSC of .60x-.70x in the first year), went online in FY24 & FY25, adding roughly \$10M to Housing System revenue in both years. This will be essentially offset by lost revenue tied to the demolition of three older dorms, Graham, Simpson, and Trusler (622 beds), in preparation for the Project. However, the BOT-approved annual rental rate increases (previously described above) offset the impact.

The Project is not viable on its own. When the Project opens (FY29), it is projected to operate at a coverage ratio of 0.47x, as reflected in the attached chart, “**Projected Debt Service Coverage - Project Only.**” However, because the Bonds will be issued on parity with other Housing System debt, the Project’s deficits will be effectively absorbed by the existing Housing System’s robust operating capacity. Based on this structure, coupled with the BOT’s recent rental rate increases, debt service coverage is estimated to be at least 1.78x, which exceeds the minimum 1.20x required by the SUS Debt Management Guidelines. Debt service coverage is reflected in the attached chart, “**Historical and Projected Debt Service Coverage.**”

Assessment of Private Sector Alternatives:

UF evaluated several financing structures, including public-private partnership (P3) financing. UF selected the proposed financing approach because it presents the lowest cost of capital, affordability for residents, and maintains the University’s desire not to split the housing systems with an unaffiliated owner.

Return on Investment:

The Project is expecting to achieve an internal rate of return (IRR) estimated at 4.06%, based upon assumptions provided by the University. (See attached Projected **Internal Rate of Return**).

Method of Sale:

Based on consultation with DBF, who analyzed the proposed Bond issuance in light of current market conditions, it was determined that a competitive sale will yield the best results in terms of debt cost and structure.

Selection of Professionals:

The Bonds will be issued through the Division of Bond Finance of the State Board of Administration of Florida (“DBF”), which has contracts with multiple outside professionals (including bond counsel, financial advisors, and verification agents) who will be engaged as necessary, all of which were selected through a competitive process.

Recommendation:

Staff of the Board of Governors and the Division of Bond Finance have reviewed the resolution and supporting documentation provided by the University. Based upon this review, the proposed financing appears to be in compliance with Florida Statutes and the SUS Debt Management Guidelines governing the issuance of university debt. As such, staff recommends authorization of the proposed Bonds to finance the Project.