

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
University of Florida
UF - Student Housing Facility Phase II; \$198M**

Project Summary

Project Description:

The University of Florida (“UF” or “University”) is seeking authorization to issue debt of \$198M (the “Bonds”) through the Division of Bond Finance (“DBF”) to finance Phase II of the proposed design and construction of a new student housing project on the University’s main campus (the “Project”).

Phase I of the Project (\$245M) was approved by the BOG in January. Phase II of the Project (\$198M) will be nearly identical in design to Phase I, consisting of two 8-9-story residence halls, totaling approximately 330,000 gsf and containing approximately 1,116 beds in a mixture of primarily 2-bed/1-bath single- and double-occupancy rooms, as well as community spaces and a ‘grab-and-go’ dining area.

The University chose to accelerate Phase II and combine it with Phase I under one guaranteed max price contract (GMP) with the same construction manager. This approach generated roughly \$7M in overall cost savings. Upon approval, the Board will have authorized a total of \$443M in debt for the University to complete both phases of the Project.

The Project will help UF address persistent unmet demand for on-campus housing, as evidenced by historically high occupancy rates of 98%-99% and consistent annual waiting lists (recently peaking at over 1,280 students). Additionally, the Project will play an indirect role in facilitating UF’s 10-year plan to address much-needed capital renewal and deferred maintenance in its housing system. After the demolition of Beaty Towers (775 beds, circa 1967), Phase II will be a ‘net’ addition of 341 beds, increasing UF’s undergraduate housing system capacity by 3.4% to 10,134 beds. Phase I was a ‘net’ addition of 479 beds after accounting for the demolition of Trusler, Simpson, and Graham Halls.

According to the University, the Project will mainly target first-year students (Freshmen), at rental rates slightly above existing similar on-campus options (see chart on pg-6) but below off-campus options as well as 5%-6% below the recently opened on-campus ‘Honors Village’.

The Project aligns with the University’s Campus Master Plan approved by the UF Board of Trustees (“UF BOT”) in December 2024. Furthermore, the Project and proposed financing plan were approved by the UF BOT on June 11th, 2026.

Project Location:

The Project will be adjacent to Phase I, 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 artist rendering, next page).

Phase 2
(Proposed)

Phase 1
(BOG approved 1/29/26)



Design and Construction Phase:

Project planning and design are underway. The University selected Balfour Beatty Solutions as the developer, with Balfour Beatty Construction and Stellar as the construction manager. Clark Nexsen and Walker Architects will serve as the Project architect. The University received the finalized GMP in May, with construction commencing in June for Phase I and in August for Phase II, with completion of Phase I by July 2028 and Phase II by December 2028. Since Phase II will be completed in the middle of the school year, it will serve as a transition space for students in Beaty Towers who will be displaced by the scheduled demolition. The students will then move to Phase II and complete their spring housing contracts, keeping their current rental rate. In Fall 2029, Phase II will be available to the general student public, alongside Phase I.

Project Cost:

Phase II's total cost is estimated at \$182.5M, including \$167M in design, construction, FF&E, and roughly \$15M (8%) in contingencies.

At the January 2026 BOG meeting, the Board approved Phase I, with a per-bed cost of \$195k (see chart below). Since then, UF has made a focused effort to reduce its per-bed cost, namely by bidding both phases under one GMP, thereby **lowering the per-bed cost (phases I and II combined) to \$182.4K.** Systemwide, per-bed costs have risen consistently for the past five years (as reflected in the chart below), thus **UF is the first institution to reverse the trend.**

Per-Bed Cost Comparison¹

Approval Date	Univ.	Location	Beds	Cost Per Bed	Notes
26-Jun	FSU	Tallahassee	1200	\$237.0K	Proposed Project
26-Jun	UF	Gainesville	2217 ²	\$182.4K	Proposed Project
26-Jan	FIU	Miami	1174	\$211.3K	
26-Jan	UF	Gainesville	1101	\$195.0K	
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	Purchase 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	

1) Based on data from original Board approved Project Summary reports.

2) Includes 1101 (phase 1) beds, Board approved 26-Jan, for overall per-bed cost calculation.

Demand Analysis:

In Spring 2024, the University engaged Rieth Jones Advisors (“RJA”), a national consulting firm, to update its 10-year housing strategy, including feasibility of and demand for the Project. RJA’s findings are reflected in a report dated March 2026 (“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). 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, Board-approved in May 2021) 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

The unit mix primarily includes single- and double-occupancy semi-suite units, which are typically reserved for first-year students. The Study assessed demand in the targeted student population and the off-campus rental market in relation to the Project's rental rates and unit mix. To this extent, RJA supported adding approximately 1,602 beds by Fall 2028 but recommended that such demand be met through a phased-in approach. At the January 2026 BOG meeting, Phase I of the Project was approved (1,101 beds), which produced a 'net' of 479 beds added to the housing system after replacing lost beds due to the demolition of three aged dorms. Once the University realized cost savings from bidding the two phases under one GMP, combined with the planned demolition of Beaty Towers (775 beds) in Spring 2029, the University decided to proceed and 'fast-track' Phase II (1,116 beds), which adds a 'net' 341 beds to the existing housing capacity. UF plans to target first-year students with Phase II, similar to Phase I. Once the Project opens to the general student population in Fall 2030, the University is projected to still face a 160-bed shortage in demand for on-campus housing. RJA has based its demand calculations on Fall 2025 demand, growing waiting lists of over 1,000 students, and the Beaty Towers demolition, as shown below.

Undergraduate On-Campus Housing Demand

	Fall 2025	Fall 2030
		(Project Opens)
Fall 2025 Demand	10,294	10,294
Fall 2025 Existing Bed Capacity	8,692	8,692
Phase I (BOG approved)	-	1,101
Phase II (Proposed Project)	-	1,116
Beaty Apartments Demolition (2029)	-	(775)
Housing Demand Shortage	1,602	160

Source: 2026 Rieth Jones Advisors Market Demand Report

Waiting List for On-Campus Housing

Currently, the University has approximately 8,692 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.

Undergraduate Housing - Historical Occupancy

	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 (%)	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 capacity 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.

Rental Rate Comparison
(Monthly basis, per Bedroom) *

UF Housing:	Rate
Traditional Style	\$842
System Average	\$900
Apartment Style	\$917
Suite Style	\$1,052
Proposed Project	\$1,128
Honors Village	\$1,205
Off-Campus Average	\$1,356

*Fall 2025 data

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 \$198M. Bond proceeds of \$20.8M will fund capitalized interest during the construction period (approximately 22 months), and \$4.63M will fund the cost of issuance, including underwriters' discount. 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 \$14.4M 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 April 2026, the University's anticipated rate was 4.75%, resulting in annual debt service approximately \$1.5M lower than that assumed in the pro forma projections.

Security Structure & Pledged Revenues: The total \$443M of Bonds for Phase I and II of the Project will be issued on parity with UF's current Housing System debt Series 2021A, 2021B, and 2023A with an aggregate outstanding balance of \$223M as of July 1, 2026, 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. According to the University, the Series 2016A housing bonds are not included in the outstanding balances, as the University is using \$6.7M of available Housing System cash to call and pay off the bonds on July 1, 2026, prior to the issuance of the Series 2026 bonds.

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, in part replacing

capacity 'lost' with the demolition of three older dorms, Graham, Simpson, and Trusler (622 beds), but not offsetting the three dorms' free cash flow. The impact to the system was addressed through BOT-approved annual rental rate increases (previously described above). In response to the Project, UF will demolish Beaty Towers (775 beds) upon completion of Phase II in December 2028. Phase II will serve as a transition space for the displaced students from Beaty Towers while they continue their spring housing contracts at the same rate. By Fall 2029, Phase II will operate at 'normal' capacity and open to the general student population. Historically, systemwide operating expenses have grown by 8.6% (avg.) annually; the lowest year was 3.9%. Nevertheless, the University has assumed a 3% growth rate for Project pro formas.

Neither phase I nor II are financially viable on their own, as they both are projected to operate below breakeven (1.0x) – **see attached schedule “Projected Debt Service Coverage - Project Only.”** When Phase II opens (FY30), both phases are projected to operate with a debt service coverage ratio of 0.59x; essentially a 41% deficit. 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 on a systemwide basis is estimated to be at least 1.29x, which exceeds the minimum 1.20x required by the SUS Debt Management Guidelines – see attached schedule **“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, including Phase I & Phase II, is expected to achieve an internal rate of return (IRR) estimated at 4.49%, based on 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.