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MEMORANDUM

To: Board of Governors

From: J. Ben Watkins III

Date: January 16, 2020

Re: Florida International University Parkview II Dormitory

As required by Section 1010.62(3)(b)4, Florida Statutes, the Division of Bond Finance (“DBF”) has reviewed and analyzed the information provided to support Florida International University’s (“FIU’s”) proposed financing of the construction of a dormitory on its Modesto Maidique main campus (the “Project”). DBF has also reviewed the Board of Governors (“BOG”) staff analysis of the Project. Below are the specific issues that DBF identified for the BOG’s consideration in connection with its evaluation of the Project.

Demand and Affordability

In 2015, Brailsford & Dunlavy (“B&D”) conducted a housing demand study for FIU to support the construction of a new dormitory. Due to the delay in the Project, B&D updated its study in 2019. The housing market around FIU has changed substantially in the time between the two housing studies. According to the more recent study, when the Project opens in 2022, the off-campus competition will have nearly quadrupled as there will be more than 2,300 beds available (versus the 659 beds available at the time of the 2015 study) from off-campus, private apartments competing for the same students.

While the housing system does currently have additional demand, the demand identified in the 2019 B&D study is primarily driven by targeting juniors, seniors, and graduate students for on-campus housing. To attract upperclassmen, private bedrooms and in-unit kitchens are critical components of the Project, which add to the cost and make rental rates higher and affordability a challenge. The cost of the Project mandates rental rates that are at or in excess of those charged by the nearby off-campus apartments. The projected demand for on-campus housing is dependent on apartment-style units designed for upperclassmen. Building student housing designed to attract upperclassmen when adequate private, off-campus alternatives are available is a policy decision rather than a debt related issue for the BOG to consider in evaluating the Project.

cc: Marshall M. Criser, Chancellor, Board of Governors
Chris Kinsley, Assistant Vice Chancellor, Board of Governors
Kenneth Jessell, Senior VP and CFO, Florida International University