

FIU

Reauthorization to Issue Debt to Finance the Construction of a Student Residence Facility on the Modesto Maidique Campus



March 25, 2020

Background Information



- Parkview II was originally approved by the FIU BOT March 2017 and the BOG June 2017
- Perkins and Will was selected as the A/E and Moss and Associates was selected as the C/M
- Significant increases in construction costs since original approval necessitated a change in the facility program and a reauthorization of the project by the FIU BOT, which was approved on December 5, 2019
- Since June 2019, FIU has been working with BOG and the DBF staff on the reauthorization of the project

Student Housing Demand

- In 2016, Brailsford and Dunlavey (B&D) Housing Master Plan Update confirmed strong demand for additional student housing at MMC
- In May 2019, FIU commissioned B&D to update the Housing Master Plan to account for the impact of off-campus housing in the City of Sweetwater; the new study stated that the housing system on MMC was providing 1,055 less beds when compared to the current student demand and existing inventory
- For Fall 2019, there was a waiting list of 712 students for housing at MMC on the first day of class, compared to only 545 in the Fall of 2016

SUS Bed Count Comparison

- FIU has the lowest ratio of beds to undergraduate degree-seeking students, at 8.8 percent; the SUS average is 28 percent. With the new residence hall, this ratio increases to only 10.6 percent
- FIU has the 7th lowest number of on-campus beds in the SUS; only FAMU, UNF, FPU, NCF, and UWF have fewer beds

University	Fall 2019 Campus Beds	Percentage All Degree Seeking Undergraduates Who Live On-Campus
New College of Florida	666	89.6%
Florida Polytechnic	780	56.2%
Florida Gulf Coast University	4,748	34.9%
Florida A&M	2,546	33.0%
University of North Florida	3,504	23.5%
University of Florida	8,903	23.5%
Florida State University	6,707	20.7%
University of South Florida	6,295	19.7%
Florida Atlantic University	4,471	19.2%
University of West Florida	1,496	15.1%
University of Central Florida	8,052	13.8%
Florida International University	3,707	8.8%

Project Comparison

	ORIGINAL PROJECT*	NEW PROJECT
Number of Beds	656	697
Parking Spaces	300	0
Gross Square Feet	268,389	293,962
Total Project Cost**	\$66.5 million	\$87.5 million
Total Construction Cost***	\$52.8 million	\$73.8 million
Maximum Debt Size	\$63.0 million	\$71.8 million

**Excludes \$6 million cost of parking garage*

***Includes FF&E, Contingency, and CSR*

****Includes Telecommunications*

Project Cost Details

PROJECT COST DETAILS

Number of Beds	697
Gross Square Feet	293,962
Total Project Cost*	\$77.84 million
Total Project Cost per Bed	\$111,677
Total Project Cost per GSF	\$265
Total Construction Cost**	\$72.3 million
Total Construction Cost per GSF	\$246

**Excludes FF&E of \$3.6M, Contingency of \$2.5M, Telecommunications of \$1.5M and CSR of \$2.1M (\$9.67M)*

***Excludes Telecommunications of \$1.5M*

Construction Cost Benchmarks



- Perkins and Will, Moss and Associates, and FIU Housing and Residential Life assisted in identifying 26 Student Housing Projects completed since 2010 to help benchmark construction costs
- Adjusted Construction Costs (5.5%/year) per GSF ranged from \$114 for 236 beds, 4-story project at UC-Davis to \$723 for 658 beds, high-rise project at UC-Hastings
- Hi-rise costs per GSF ranged from \$311 for 332 beds at Ryerson University to \$723 at UC-Hastings
- University of Miami Lakeside Village, a mid-rise project containing 1,115 beds, is under construction at a cost of \$308 per GSF
- Nova-Southeastern University Mako Hall, a mid-rise project containing 609 beds, was completed in 2018 at a cost of \$190 per GSF
- FIU Parkview I, a mid-rise project containing 620 beds, was completed in 2012, has an adjusted cost of \$224 per GSF

Construction Cost Benchmarks

- Parkview I is 6 stories tall (mid-rise) while Parkview II is 13 stories tall (high-rise)
- High-rise construction costs are higher per GSF due to greater amounts of required concrete and steel for the foundation and each floor to support greater weight and the need for greater rigidity due to wind pressure
- Greater construction costs are also reflected in mechanical, utility, and elevator systems
- A 6 to 7 percent premium for high-rise construction increases Parkview I adjusted GSF to \$237 - \$240

Housing Cost Benchmarks

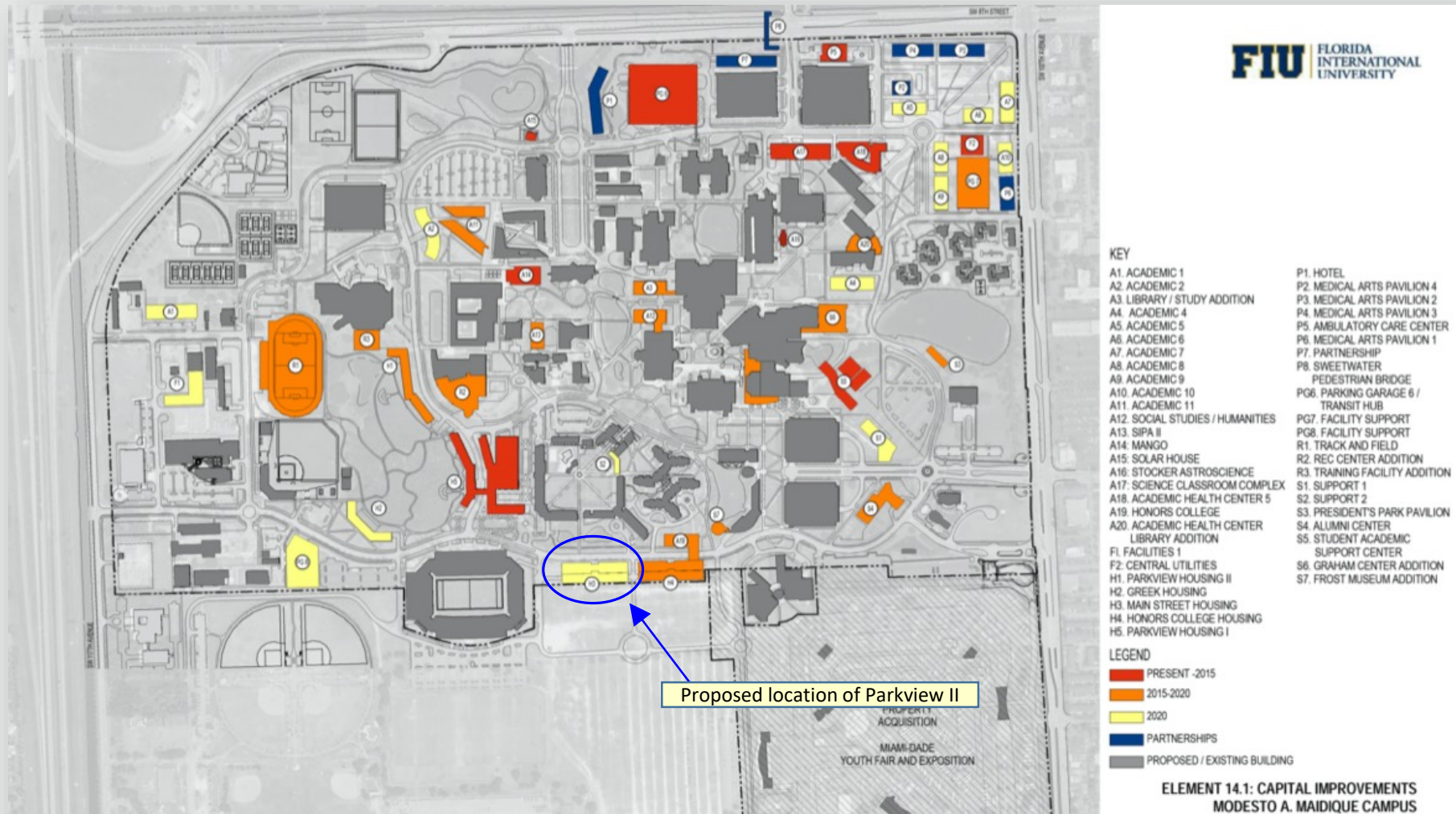
- When the facility opens Fall 2022, the per-semester (Fall, Spring) rental rate is projected to be \$4,600 per bed for the four-bedroom suite (\$1,023/month) based upon 5 percent interest rate on new debt issue
- If the interest rate on debt is 4 percent or less, we would be able to charge the same rate as Parkview 1, which is currently \$4300
- This rate is comparable to rental rates charged for similar on-campus housing facilities at FIU and with off-campus housing near FIU

New Building Operations Pro Forma



<i>In 000's</i>	Projected		
	FY 2023	FY 2024	FY 2025
Revenues	7,139	7,210	7,282
Salaries and Benefits	471	480	490
Operating Expenses	1,654	1,684	1,714
OCO			
Debt Service (5%)	4,816	4,816	4,816
Total Expenses	6,941	6,980	7,019
Net Income	198	230	263
Debt Service Coverage Ratio (5.0%)	1.05X	1.05X	1.06X
<i>Debt Service Coverage Ratio (4.0%)</i>	<i>1.20X</i>	<i>1.21X</i>	<i>1.21X</i>
<i>Debt Service Coverage Ratio (3.5%)</i>	<i>1.28X</i>	<i>1.29X</i>	<i>1.30X</i>

Campus Master Plan 2010-20



Selected Site – Aerial View



- If the reauthorization is approved by the Board of Governors, construction will begin early May 2020
- Construction timeline is 26 months
- Project will open for occupancy Fall 2022

Questions