



Board Update on Potential Student Housing Project On the Mendocino College Campus

Presented by Juan Barroso
Managing Partner, Derivi Castellanos Architects
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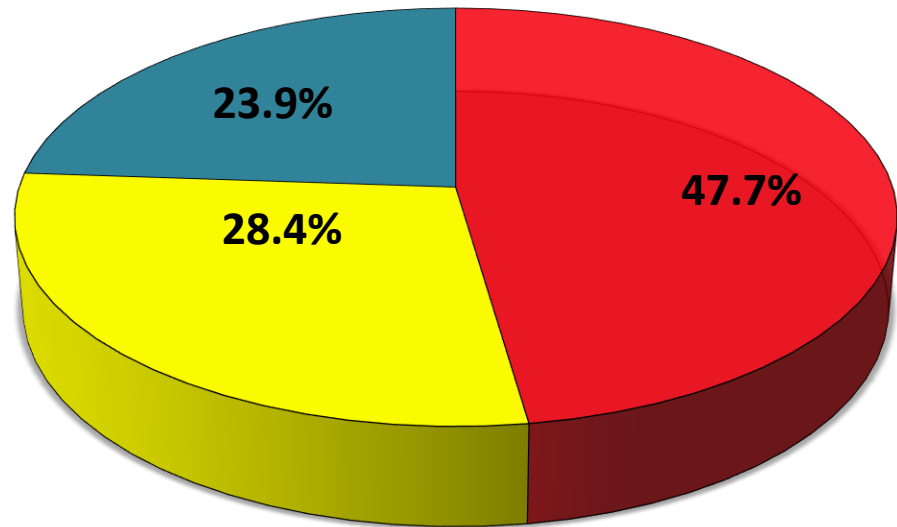
Background



- For some time, Mendocino College (MC) Leadership has been concerned about the lack of good housing options for its students
- In August 2017, MC engaged Derivi Castellanos Architects (DCA) to prepare a student housing market feasibility study, to:
 - Explore and quantify student housing needs and interests
 - Research housing trends in the region
 - Research community college housing best practices
 - Forecast demand for student housing at MC
 - Develop feasible housing project scenarios
 - In March 2018, DCA presented its findings to the MC Board of Trustees

Interest of Student Responses in Student Housing

- Survey sent to entire student body – 6,900 students
- Initiated on December 6, 2017
- Ran for two weeks
- Received 348 completed responses
- Confidence level of 95%
- 12% of respondents stated they have no housing

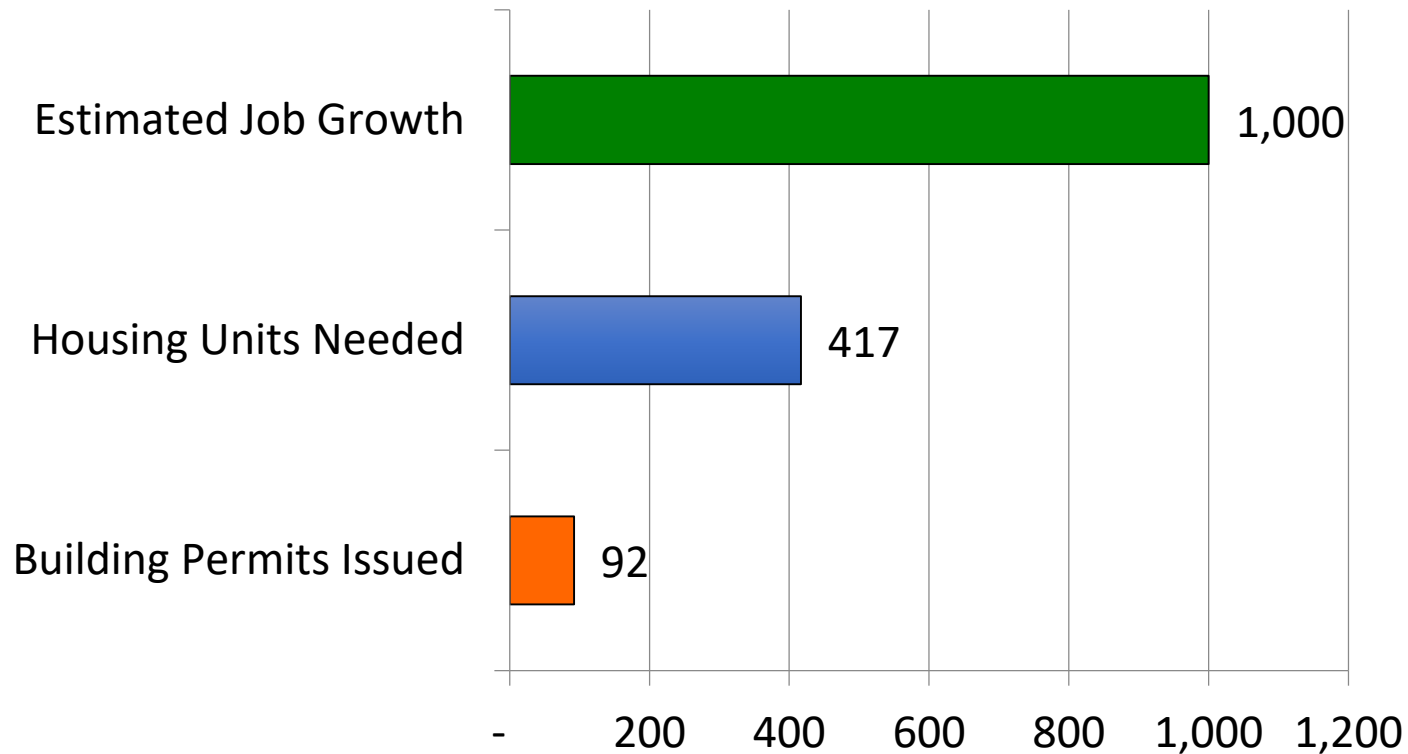


■ Yes

■ Maybe

■ No

Ukiah Valley Job Growth vs Housing Construction 2010-2016



Background



- In June 2018, MC authorized DCA to undertake Site Planning & Feasibility of a potential Student Housing Project on the MC campus, tasks included:
 - Evaluation of five potential sites for a Student Housing Project on the MC campus
 - Investigate adequacy of existing infrastructure
 - Solicit input from stakeholders regarding unit mix and amenities
 - Prepare financial pro forma



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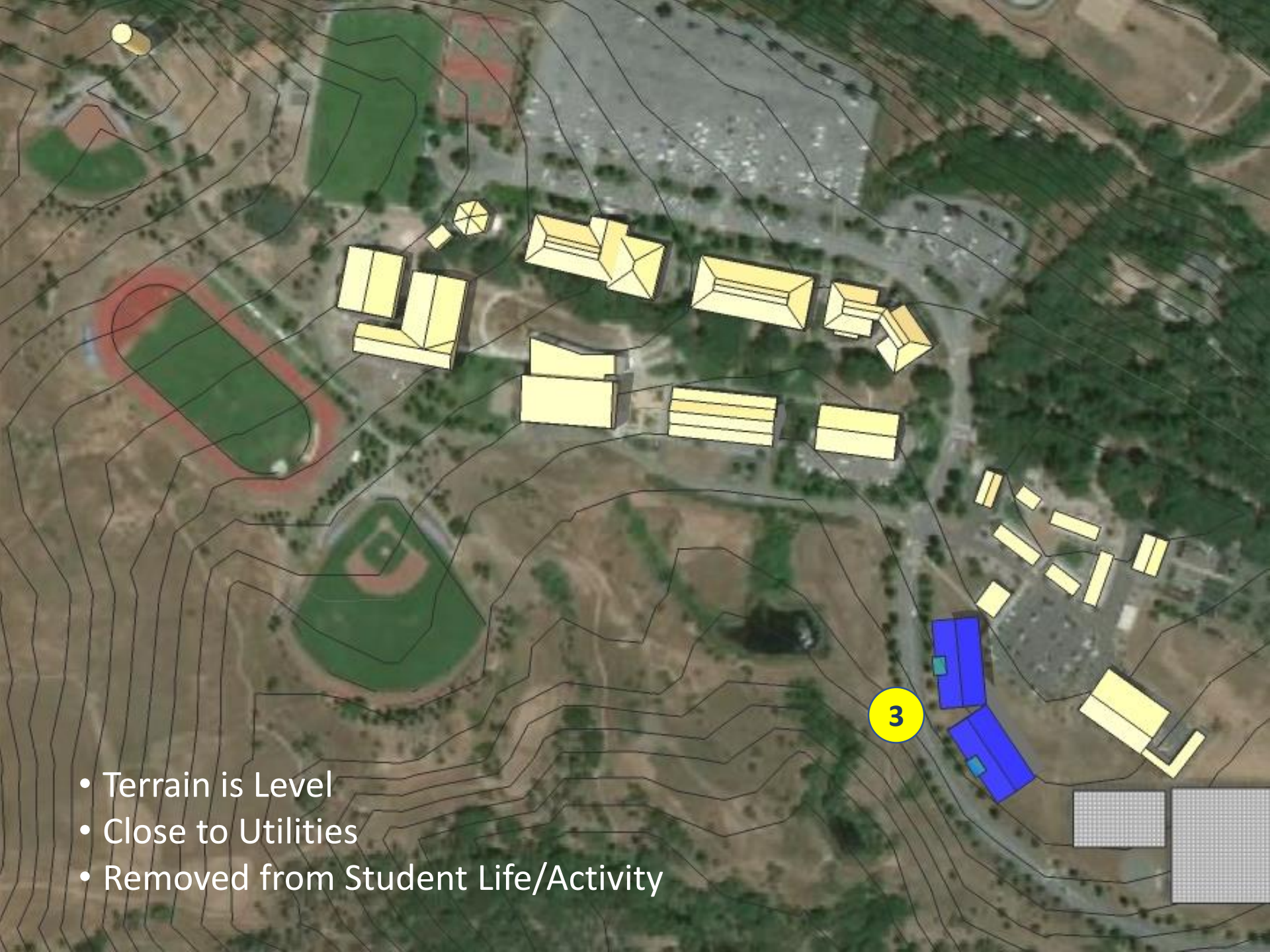
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- Prime Location
- Near Student Life/Activity
- Terrain more difficult



- Near Heart of Campus
- Closes to Utilities
- Extensive Earthwork



- Terrain is Level
- Close to Utilities
- Removed from Student Life/Activity

Mendocino College Student Housing Program

Pro-Forma Financial Projections - Construction Costs - January 2019

Building Design/Space Mixture and Square Footage Estimates

| Project Mix and Type of Spaces | Design Mix - Market Rental Rates | | | |
|--|----------------------------------|------|---------|---------------|
| | Units | Beds | Unit SF | SF Total |
| Employee - 1 bedroom apartment | 10 | 10 | 500 | 5,000 |
| Employee - studio apartment | 5 | 5 | 270 | 1,350 |
| Student Apartments - 4 students, 2 bedroom | 5 | 20 | 800 | 4,000 |
| Student - double bedroom | 70 | 140 | 200 | 14,000 |
| Student - single bedroom | 25 | 25 | 120 | 3,000 |
| Residence Hall Supervisor apartment | 1 | 1 | 600 | 600 |
| Office Space (includes security) | 1 | 0 | 400 | 400 |
| Laundry Facilities | 1 | 0 | 300 | 300 |
| Lounges | 2 | 0 | 600 | 1,200 |
| Bathrooms & Shower Unit | 12 | 0 | 400 | 4,800 |
| Total ASF of Specific and Common Spaces | | | | 34,650 |
| Total ASF grossed up to GSF 15% | | | | 39,848 |
| Total number of beds/occupants | | | | 201 |

Pro-Forma for Capital Construction Costs

| | Cost/SF | Total Cost |
|---|---------|----------------------|
| Direct Construction Cost | \$ 275 | \$ 10,958,063 |
| Furniture Fixtures & Equipment | \$ 15 | \$ 519,750 |
| Indirect Construction Cost % (soft costs) | 20% | \$ 2,191,613 |
| Site Development (at site 1) | | \$ 1,700,000 |
| Escalation (current figures are January 2019) | | note 1 |
| Total Cost of Project | | \$ 15,369,425 |

Mendocino College Student Housing Program

Pro-Forma Financial Projections - Annual Operations - January 2019

Annual Operating Revenues

Below Market Rental Rates

At Market Rental Rates

| | <i>Monthly</i> | <i>Total</i> | <i>Monthly</i> | <i>Total</i> |
|--|----------------|---------------------|----------------|---------------------|
| Employee - 1 bd apartment for 12 month | \$ 1,200 | \$ 158,400 | \$ 1,350 | \$ 178,200 |
| Employee - studio apartment for 12 month | \$ 800 | \$ 48,000 | \$ 950 | \$ 57,000 |
| Student - Apartment Income for 2 semesters | \$ 750 | \$ 142,500 | \$ 850 | \$ 161,500 |
| Student - Double Beds Income for 2 semesters | \$ 650 | \$ 864,500 | \$ 750 | \$ 997,500 |
| Student - Single Bedrooms income for 2 semesters | \$ 850 | \$ 201,875 | \$ 950 | \$ 201,875 |
| Lost Income due to vacancy | | \$ (43,225) | | \$ (49,875) |
| Student - rental income over summer | | \$ 30,210 | | \$ 34,770 |
| Athletic/Arts summer camps & Conference | | \$ 10,000 | | \$ 10,000 |
| Total Annual Income | | \$ 1,412,260 | | \$ 1,590,970 |

Annual Operating Expenses

| | | |
|--------------------------------------|---------------------|---------------------|
| Residence Hall Supervisor - In House | \$ 100,000 | \$ 100,000 |
| Resident Assistant rental discount | \$ 15,000 | \$ 15,000 |
| Resident Director rental discount | \$ 14,400 | \$ 16,200 |
| Maintenance & Utilities | \$ 378,551 | \$ 378,551 |
| Miscellaneous expenses | \$ 30,000 | \$ 30,000 |
| Debt Service | \$ 790,467 | \$ 790,467 |
| Security Services - cost share | \$ 80,000 | \$ 80,000 |
| Total Annual Expense | \$ 1,408,419 | \$ 1,410,219 |

| | | |
|--|-------------------|---------------------|
| Annual Net Income (loss) | \$ 3,841 | \$ 180,751 |
| Net Income (loss) over term of thirty years | \$ 115,244 | \$ 5,422,544 |

Footnotes regarding the above figures:

1. The above figures do not provide for escalation of construction cost to the date upon which construction will occur
2. The above figures also do not provide for rental rate increases that will occur over the years after construction due to inflation.



Next Steps

- Select preferred site
- Proceed with Schematic Design
 - Floor Plans
 - Building Elevations
 - Utilities Routing
- Consider Funding Options
 - Developer Finances, Builds & Operates
 - Financed by MC (C.O.P.)
 - General Obligation Bond

Thank You!



Questions?