

## COMMISSION FOR HIGHER EDUCATION

Thursday, June 13, 2013

### DECISION ITEM C1:

#### Indiana State University: Terre Haute Campus – Student Housing Lease

#### Staff Recommendation

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee the following project: *C-1-13-5-03 Student Housing Lease*. Staff recommendations are noted in the staff analysis.

#### Background

By statute, the Commission for Higher Education must review all projects to construct buildings or facilities costing more than \$500,000, regardless of the source of funding. Each repair and rehabilitation project must be reviewed by the Commission for Higher Education and approved by the Governor, on recommendation of the Budget Agency, if the cost of the project exceeds seven hundred fifty thousand dollars (\$750,000) and if any part of the cost of the project is paid by state appropriated funds or by mandatory student fees assessed all students. Such review is required if no part of the project is paid by state appropriated funds or by mandatory student fees and the project cost exceeds one million five hundred thousand dollars (\$1,500,000). A project that has been approved or authorized by the General Assembly is subject to review by the Commission for Higher Education. The Commission for Higher Education shall review a project approved or authorized by the General Assembly for which a state appropriation will be used. All other non-state funded projects must be reviewed within ninety (90) days after the project is submitted to the Commission.

The Trustees of Indiana State University seeks authorization to proceed with a long-term lease student housing lease located on the Terre Haute campus. The lease of 30 years will allow additional student housing combined with mixed-use redevelopment opportunities for the downtown area. The cost to the University is \$2 million for historic preservation and annual lease payments of \$1.05 million.

#### Supporting Document

*Indiana State University Student Housing Lease, June 13, 2013*

# INDIANA STATE UNIVERSITY: TERRE HAUTE CAMPUS – STUDENT HOUSING LEASE

## Project Description

### DESCRIPTION OF THE PROJECT

The project consists of the development of a mixed-use retail/residential facility in the downtown area of Terre Haute, Indiana. A private developer will own the land and building with the University leasing the residential portion of the facility for a 30 year term. The total cost is \$17.5 million with \$14.6 million of this amount related to the residential portion of the project. The developer will be responsible for operating and leasing the retail space. The University will be responsible for all operating and maintenance costs of the residential area. Approximately 228 beds will be added.

### SUMMARY OF THE IMPACT ON THE EDUCATIONAL ATTAINMENT OF STUDENTS

This project is integral to the University's long-term Campus Master Plan to provide attractive student housing while offering market-friendly options to meet student demand for more space and privacy. Students who reside in University-operated housing stay connected to campus through activities that foster educational, social, and leadership development as well as opportunities to engage with students from a variety of different cultures, backgrounds, and lifestyles.

### SPACE UTILIZATION

The project will add approximately 64,566 assignable gross square feet to residential facilities. The estimated 228 beds will be configured mostly in four bedroom units with a common living and dining area.

### NEED AND PURPOSE OF THE PROGRAM

The 2009 strategic plan "Pathways to Success" and the Campus Master Plan both identify student housing as one of the main areas of focus. As freshman enrollment continues to grow, the availability of student housing for upper level students is limited. The development of student housing in downtown Terre Haute will provide an option for upper-level students who wish to be in a more apartment-like setting while still experiencing many of the advantages of living in University-operated housing. The cost to reside in this facility will be comparable to on-campus room and board rates.

### COMPARABLE PROJECTS

Comparable on-campus housing projects approved by CHE include:

(1)	ISU North Campus Residence Hall	\$172/gsf
(2)	IUB Third Street Residence Hall	\$245/gsf
(3)	Vawter Field Housing	\$310/gsf
(4)	IUB Third & Union Apartments	\$190/gsf

## STAFF ANALYSIS

The student housing lease will add approximately 83,877 residential square feet, which translates to an estimated 228 beds added to the University's inventory. This unique project leverages public and private investment to create potential redevelopment of downtown Terre Haute while limiting the University's role in non-residential operations. The project provides upper-level students housing consistent with other projects. At this time the University does not intend to own the facility, but may reevaluate that position once the lease is up. The University will make annual lease payments of approximately \$1,053,360, with the total project costing \$17.5 million. The funds for this lease will come from the University Residence Hall System Operating Budget.

Based on the analysis conducted by staff, staff recommends the Commission provide a favorable review of the capital project.

**CAPITAL PROJECT COST DETAILS**

**FOR: INDIANA STATE UNIVERSITY - DOWNTOWN TERRE HAUTE STUDENT HOUSING LEASE**

<b>Institution:</b>	Indiana State University	<b>Budget Agency Project No.:</b>	C-1-13-5-03
<b>Campus:</b>		<b>Institutional Priority:</b>	

**ANTICIPATED CONSTRUCTION SCHEDULE**

	<u>Month</u>	<u>Year</u>
<b>Bid Date</b>		
<b>Start Construction</b>	October	2013
<b>Occupancy (End Date)</b>	June	2015

**ESTIMATED CONSTRUCTION COST FOR PROJECT**

	<u>Cost Basis (1)</u>	<u>Estimated Escalation Factors (2)</u>	<u>Project Cost</u>
<b><u>Planning Costs</u></b>			
a. Engineering			\$ -
b. Architectural			\$ -
c. Consulting			\$ -
<b><u>Construction</u></b>			
a. Structure			\$ -
b. Mechanical (HVAC, plumbing, etc.)			\$ -
c. Electrical			\$ -
<b><u>Movable Equipment</u></b>			\$ -
<b><u>Fixed Equipment</u></b>			\$ -
<b><u>Site Development/Land Acquisition</u></b>			\$ -
<b><u>Other (Please list)</u></b>			\$ -
<b>TOTAL ESTIMATED PROJECT COST</b>	\$ -	\$ -	\$ 17,500,000

(1) Cost Basis is based on current cost prevailing as of April 2013 provided by Thompson-Thrift Development.  
The estimated project cost includes the total cost for the project including both the retail and residential portions of the facility.

(2) Explain in the Description of Project Section of the "Cap Proj Details" schedule the reasoning for estimated escalation factors

**CAPITAL PROJECT OPERATING COST DETAILS**  
**FOR: INDIANA STATE UNIVERSITY - DOWNTOWN TERRE HAUTE STUDENT HOUSING LEASE**

<b>Institution:</b>	Indiana State University	<b>Budget Agency Project No.:</b>	1C-1-13-5-03
<b>Campus:</b>		<b>Institutional Priority:</b>	

			<b>GSF OF AREA AFFECTED BY PROJECT</b>	83,877
<b>ANNUAL OPERATING COST/SAVINGS (1)</b>				
	<b>Cost per GSF</b>	<b>Total Operating Cost</b>	<b>Personal Services</b>	<b>Supplies and Expenses</b>
1. Operations	0.86	\$ 71,820	54,720	17,100
2. Maintenance	0.73	\$ 61,314		61,314
3. Fuel		\$ -		
4. Utilities	2.21	\$ 185,610		
5. Other	1.69	\$ 141,478		
<b>TOTAL ESTIMATED OPERATIONAL COST/SAVINGS</b>	<b>5.49</b>	<b>\$ 460,222</b>	<b>\$ 54,720</b>	<b>\$ 78,414</b>

**Description of any unusual factors affecting operating and maintenance costs/savings.**

(1) Based on figures from "Individual Cap Proj Desc" schedule