



Housing Master Plan

AUGUST 2019



BRAILSFORD & DUNLAVEY

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PREFACE

In May 2018, Portland State University (“PSU,” “Portland State,” or the “University”) engaged Brailsford & Dunlavy (“B&D”) and Mahlum Architects (“Mahlum”), herein referred to as the “Project Team,” to complete a Student Housing Master Plan (the “Master Plan” or the “Plan”). As a part of the master planning efforts, a detailed Student Housing Demand Analysis (the “Analysis”) was also performed during the spring and summer months (2018).

The purpose of the Plan was to understand and answer the following questions:

1. **What is the overall on-campus housing demand from students at Portland State University?**
 - a. How does the overall demand impact the existing housing supply?
 - b. What impact does University Pointe have on student housing demand?
2. **What are the appropriate unit type(s) and target market for new student housing?**
 - a. How should students be assigned to residence halls across all class levels?
3. **How does the campus develop an actionable plan to address deferred maintenance concerns and their costs implications?**

The findings contained herein represent the professional opinions of B&D’s personnel based on assumptions and conditions detailed in this report. B&D has conducted research using both primary and secondary information sources which were deemed reliable, but whose accuracy cannot be guaranteed.

The Project Team was comprised of the following individuals from Mahlum Architects and B&D:

- Matthew Bohannon**, Vice President, B&D
- Andrew Perez**, Senior Associate, B&D
- Kedarious Colbert**, Project Analyst, B&D
- Kurt Haapala**, Partner, Mahlum Architects
- Kim Olson**, Associate Principal, Mahlum Architects

WORK PLAN

B&D's approach to completing the Master Plan required active coordination with key staff members from the offices of University Housing & Residence Life ("UHRL"), as well as Campus Planning & Design. The work plan was completed during May 2018 through January 2019 and included the following tasks:

- Market Study (Task 1):
 - Focus Groups and Student Survey
 - Demand Analysis
 - University Pointe Impact Analysis
- Review of PSU Housing & Campus Priorities (Task 2):
 - Demographic / Existing Conditions Analysis
 - Strategic Asset Value Analysis
- Review of Local Market Offerings at Peer Institutions (Task 3):
 - Off-Campus Housing Market Analysis
 - Peer Benchmark Analysis
- Review of Alternatives (Task 4):
 - Financial Analysis
 - Concept Development Programming
 - Housing Rate and Revenue Analysis
 - Housing Partnership Advisory
 - Decision Support and Documentation
- Submittal of Master Plan (Task 5)

B&D conducted a Market Study that consisted of focus groups, student survey, demand analysis, and an assessment of University Pointe. Below is an Executive Summary of the Market Study as well as additional data points supporting the overall themes heard throughout the Housing Master Plan.

UHRL MISSION STATEMENT

Furthermore, the Project Team would like to acknowledge that throughout the Student Housing Master Planning process every effort was made to ensure that all recommendations align with the mission of UHRL: "To provide a unique living experience in Portland's urban environment through actively engaged residential communities that promote student success." More information on the alignment of the mission statement with the strategic objectives of this Plan can be found in the Strategic Asset Value Analysis section.

EXECUTIVE SUMMARY

INTRODUCTION

The Project Team met with campus and departmental leadership on four (4) occasions throughout the eight (8) month period at PSU with the direction to answer three principal questions within this Student Housing Master Plan:

- 1) What is the overall on-campus demand from students at Portland State University?
- 2) What are the appropriate unit type(s) and target market for new student housing?
- 3) How does the campus develop an actionable plan to address deferred maintenance concerns and their costs implications?

METHODOLOGY

To answer these questions, the Project Team utilized both quantitative and qualitative methodologies to connect with and understand the student experience at PSU. B&D conducted two (2) focus groups with students during our Project Initiation period, which were held on May 31, 2018 and consisted of nine (9) students. In coordination with the information obtained during the initial campus visit and stakeholder meetings, B&D also developed and launched a student survey on June 11, 2018 for a ten-day period. The survey was distributed via e-mail to all undergraduate and graduate students at Portland State (27,670) with approximately 6% of the student population (1,285) responding to the survey. The survey was the primary method for assessing demand and to gain an understanding of student interest for future amenity preferences, services, cost sensitivities, and unit types. Concurrently, Mahlum completed a conditions assessment of each residence hall to determine the recommended investment and also the capacity for future programming. The demand and existing conditions assessments were then followed by a detailed financial model, which outlined – both from a capital cost and operational standpoint – the potential development options for new student housing and the renovation or demolition of existing facilities.

EXISTING CONDITIONS

PSU has a student population of 27,670 students, with 77% of all students coming from Oregon, and among those, primarily from within the Portland area. At the time of this Analysis, the residential bed occupancy was 2,219 beds with unit types ranging from traditionals to apartments. Due to the historical nature of the campus and the acquisition of certain buildings, four (4) out of the nine (9) residential halls – known as the Historics – offer the bulk of PSU's on-campus apartment unit options. The Plan found that PSU's pricing structure varies by furnished or unfurnished rooms, units within a historic or modern building, and by unit size or square footage (to which additional stratification into five class types is also implemented). Among its peers, PSU provided the most diverse, flexible, and affordable pricing structure to accommodate their students' needs. Although the Historics were among some of the most popular units within focus groups and the student survey, the Analysis revealed that this inventory was not in alignment with where most of the current demand is coming from.

As the campus considers future development strategies, the deferred maintenance issues must be addressed. The facilities range in age and former uses with the oldest dating back to 1925 and the newest residential hall being constructed in 2004 bringing the average building age to 59 years for all nine (9) halls. The halls are also in need of additional community, co-curricular, and extracurricular spaces to improve the current residential experience.

In addition to the on-campus housing, PSU entered into a Public-Private Partnership (P3) with American Campus Communities (“ACC”) via a ground lease of University-owned land in 2012. The 978-bed apartment community is designed to match the on-campus residential experience through programming and its proximity. However, the project has struggled to stabilize its occupancy and in the fall of 2018 University Pointe was only 67% (670 beds) occupied. In order to maintain its revenue targets, ACC triggered the water-fall clause of the lease, which allows them to rent beds to non-PSU students. This clause has not only generated challenges for PSU students’ living experiences but also creates concerns related to safety and security. Additionally, as a community located on the perimeter of campus, the property is adjacent to a MAX transit line, which was identified in the survey analysis to be a contributing factor to safety concerns from 48% of respondents who live in the building.

SUMMARY OF FINDINGS

On-Campus Housing Demand

B&D’s analysis confirms that there is a demand for 1,096 additional beds on campus with a projected a capture rate of 15% or a total demand of 3,315 on-campus beds. Based on the survey analysis, students among all class levels expressed interest in all unit types tested with some preferences for certain experiences. The most significant demand increase by class was with the junior population, which increased from 9% to 18% for a projected 912 on-campus beds. In further conversations between the Project Team and committee members, the increase in interest from the junior students is likely a reflection of the high transfer population.

Enrollment Classification	Enrolled Population	Current Capture Rate	Current Occupancy	Projected Capture Rate	Maximum Potential Demand
Freshman	2,745	35%	955	39%	1,062
Sophomore	2,800	15%	420	19%	532
Junior	4,956	9%	441	18%	912
Senior / Other	7,199	5%	329	9%	652
Graduate / Professional	4,596	2%	74	3%	156
TOTAL	22,296	10%	2,219	15%	3,315

Difference From Existing Occupancy (Unmet Demand): (1,096)

Additional analysis of the demand data reflects a lack of available traditional beds dedicated to first-year students with an unmet demand of 770 beds. Furthermore, UHRL does not have the current housing inventory necessary to keep up with the demand for semi- and full-suite units based on the survey findings. The data suggest that a

focus on building a traditional housing project and renovating some of the existing apartments into suite-style configurations could satisfy demand by students within the B&D survey.

Demand / Supply Reconciliation						
	Traditional	Suite & Apartment Style Housing			Graduate	Total
	Housing	Semi-Suite	Full-Suite	Apartments		
Freshmen	445	292	325	-	-	-
Sophomore	99	59	48	326	-	-
Junior	231	70	90	521	-	-
Senior	184	66	71	331	-	-
Graduate/Professional	0	0	0	0	156	-
Total Demand:	959	487	534	1,178	156	3,315
Traditional Res Halls¹	189					189
Unmet Demand	(770)					(770)
Suites¹		181	362			543
Unmet Demand		(306)	(172)			
Apartments¹				1,487		1,487
Unmet Demand				309		
Total Unmet Demand	(770)	(306)	(172)	309	(156)	(1,096)

1: Capacity is based on 2017-2018 Capacity per PSU Portfolio - Total No. of Beds is 2,219 beds

University Pointe

Despite the current occupancy rates (67%) at University Pointe, the survey data indicates sufficient demand from the PSU population to fill the remaining beds; however, apartments are an oversubscribed unit type and does not achieve the 1st and 2nd year experience goals outlined by UHRL. The current operational style of University Pointe presents competition as opposed to a partnership with the on-campus housing community. B&D recommends that the contract with ACC be re-visited and re-negotiated to reflect the operational goals and synergies between both parties.

Student Engagement

Overall, focus group participants described their experience in favorable terms and specifically stated that housing was seen as a benefit to adjusting to their first year at Portland State. As many students shared, there was a significant amount of stress or anxiety their first year related to the new experience and moving into the residence halls. As they progressed through the academic year, housing allowed them to meet new people and build community, which minimized the “shock of being a first-year,” as one student was quoted stating.

Within the survey analysis, student preferences were evaluated by on-campus, off-campus, and at-home populations to get a comprehensive understanding of the differences between these major cohorts of students. The top three preferences for students in a new housing project are flexible occupancy terms, no meal plan requirement, and flexible payment terms. The flexible occupancy terms are currently offered but the lack of

awareness from students in the survey suggests more marketing or information by UHRL could more adequately promote this opportunity available to PSU students.

In terms of the top features desired in a future housing facility, students selected an in-unit full kitchen, private bathroom, and in-room wireless internet as their primary interests. Overall, the major themes from students were privacy, affordability, and proximity to campus resources.

Off-Campus Housing Market Analysis

B&D examined the off-campus rental market in Portland, Oregon using CoStar analytics and general web-based research. The Project Team surveyed 461 multifamily properties comprising of 24,426 units in a 5-mile radius from the campus. The average vacancy rate within the market was 6% showing a fair amount of availability compared to other urban regions across the United States. The average rental rate across all bedroom types (per unit) is \$1,570 with an average per bedroom cost of \$1,180 (excluding utilities).

As a comparison with our off-campus market analysis, the Project Team also assessed the average self-reported costs from the survey. This comparison revealed that students within the survey are paying an average rent of \$663 plus \$131 in utilities, which is \$794 per month. Students that live in a single bedroom pay approximately \$849 per month, while students that shared a bedroom pay \$716 per month (inclusive of \$131 utility average). Additionally, respondents reported an average security deposit of \$452 for a 12-month lease.

Despite costs in the off-campus market, students often neglect to include additional costs for commuting, furniture, and other miscellaneous fees associated with living off campus, which justifies the value and benefits of on-campus living.

Peer Benchmark Analysis

B&D analyzed five (5) peer institutions with comparable enrollment profiles, urban environment, and residential facilities. While PSU shared several commonalities with these campuses, the largest discrepancy is found in the housing costs at peer institutions when compared to PSU. This difference is likely due to historically low yearly rental rate increases established many years ago by Portland State that have continued to keep costs lower for its students and within the overall university market. Also, no recent major renovations or new construction projects have justified significant increases in rental rates, whereas many peers have recently completed projects or are in the process of funding future projects through system-wide room rate increases.

Financial Analysis

Utilizing a comprehensive financial model, B&D developed and tested five project planning options. The financial analysis includes a 30-year pro forma with operating assumptions for a variety of potential projects using PSU's existing operating budget. The five options – labeled Option A through E – have an individual impact level ranging from Minimal to Aggressive. Each option outlines a five (5) phase strategy, which is inclusive of renovating, demolishing, or building a new residential hall. With investment costs starting at \$47M to \$180M using 2018 construction data, the path forward will require significant operational shifts and capital cost investments. As the

institution considers a path forward, the options outlined in the Financial Analysis section of the reports will inform the decision making process and more specifically the impact of the rental rate increases necessary to help support the long-term viability of the housing operations.

Given the existing demand for traditional style housing to enhance the First-Year Experience (FYE), B&D recommends within this Plan the implementation of the more aggressive option (Option A) to resolve the existing gap in traditional units and initiate renovation to one of the Historics as a primary method of addressing the deferred maintenance issues.

RECOMMENDED NEXT STEPS

In consideration of the summarized findings, B&D recommends that PSU – University Housing & Residential Life consider completing the following the next steps:

- Using the demand analysis, the campus should identify a strategy to meet the unmet demand in the existing inventory for freshman and upper-division students for the FYE and SYE programs and align the unit types along the traditional student housing development continuum.
- Engage American Campus Communities (ACC) to re-negotiate the existing Ground Lease to align the programmatic experience, student assignment process, and address the safety concerns highlighted within this Analysis.
- Expanding UHRL marketing efforts to promote flexible lease terms to students for on-campus housing and establish a cooperation agreement with ACC to include University Pointe in all UHRL marketing materials to complement versus compete with the existing housing.
- Explore opportunities to incorporate a dining hall into an existing residence hall on the east side of campus, the Smith Memorial Student Union, or as a stand-alone facility.
- Create a comprehensive project implementation schedule inclusive of pre-development, funding strategies, financing, partnership agreements, design, construction, and start-up milestones aligned with Option A.

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EXHIBITS

- A. Focus Groups and Intercept Interviews
- B. Survey Data Report & Comments
- C. Off-campus Charts
- D. Peer-Benchmarking Charts
- E. Demand-Based Programming Charts
- F. Financial Model Charts

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MARKET STUDY – TASK 1

STUDENT SURVEY ANALYSIS

METHODOLOGY

The survey was distributed via e-mail on June 11, 2018 to the entire PSU student population (27,670). The e-mail invited students to participate in a web-based survey regarding their housing preferences and experience. The survey was open for a two-week period with intermittent reminders sent to students to complete or participate in the survey. The survey closed on June 21, 2018 with 1,618 students (6%) participating and 1,285 students (5%) completing all questions.

SURVEY DEMOGRAPHICS

Outlined below is the demographic breakdown of the survey respondents by student classification:

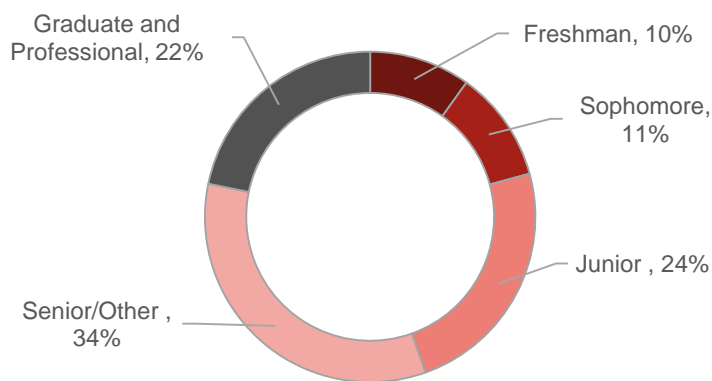


FIGURE 1: B&D Student Survey Participation by Class Levels

B&D found that students in the survey were non-traditionally aged at an average of 25 years old similar to the campus average of 26. Of the 1,618 survey respondents, 32% identified as male, 62% are female, and 6% are non-binary. The student survey saw an overrepresentation of 6% from the University’s actual female population (56%) as well as those who currently live on campus (8%) by approximately 15%. Additionally, given the overall campus demographics and PSU’s large transfer population the response is reflective of the overall student population. It is common to have over-and-under representations within our surveys, however, B&D’s methodology adjusts for over or under-representation of demographic sub-groups within its demand analysis by ensuring appropriate weight factors are utilized.

OFF CAMPUS STUDENT ANALYSIS

CURRENT HOUSING LOCATIONS AND TYPOLOGY

Although PSU has the bed capacity to house approximately 10% of the enrolled population (2,219 beds), 23% of students in the survey identified currently living on campus. This overrepresentation of 13% (Figure 2) is common

among those who live on campus because of their interest in any potential improvements or studies related to student housing. Figure 2 also illustrates the breakdown of the remaining respondents' living location, which included 52% who reported living off-campus at an address different than their permanent address and 25% reported that they live at home in a permanent residence. These housing types range from renting individual bedrooms to the ownership of single-family homes.

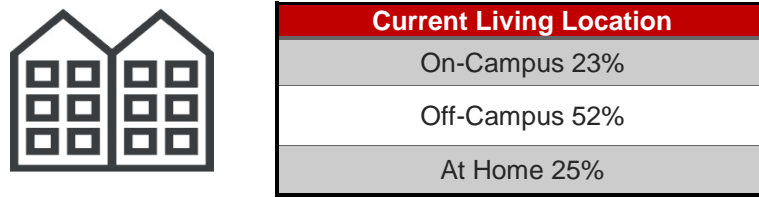


FIGURE 2: Current Living Locations by Survey Respondents

Specifically, among off-campus students, 59% of those respondents live in apartments, 16% live in a single-family home, 11% live in an individual room rented in a home and another 11% live in a duplex / triplex / fourplex or townhouse combination.

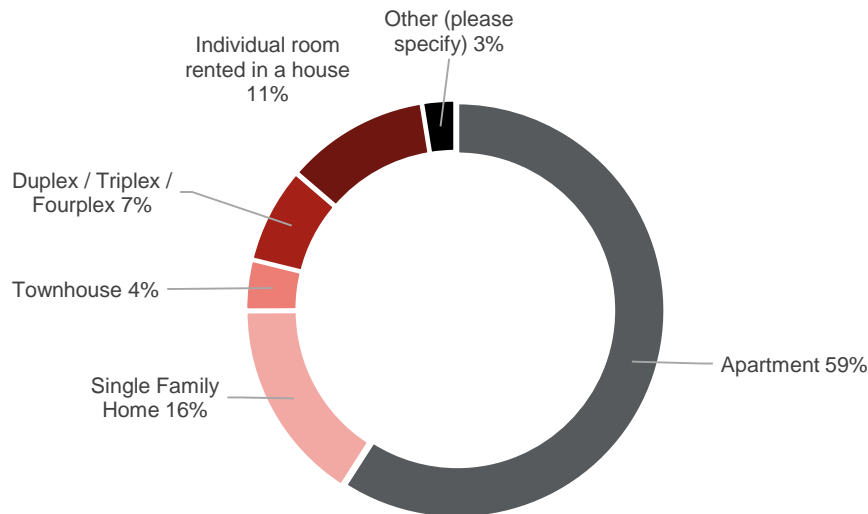


FIGURE 3: Current Housing Types by Survey Respondents

Although the majority of students indicated being single and without child(ren)/dependent(s) (73%), this was a lower figure than what B&D has seen at other institutions with a more traditionally aged population who matriculated into college immediately following high school. Additionally, in the survey 23% of students identified as being married/partnered as well as a single student with children (4%), which is a population that is not served but may have demand and interest in family housing provided by PSU if offered at an affordable rental rate.

Marital / Family Status	
Single without child(ren)/dependent(s)	73%
Single with child(ren)/dependent(s)	4%
Married/partnered without child(ren)/dependent(s)	16%
Married/partnered with child(ren)/dependent(s)	7%

FIGURE 4: Marital & Family Status of Survey Respondents

The living situations among respondents ranged and were spread across the spectrum. For example, 25% of students reported that they live with only their spouse/partner/child(ren) (no other roommates) while 12% live alone. Only 8% live with other Portland State students and an additional 5% have living arrangements that include both PSU and non-PSU students in their unit.

Living Arrangement of Current Students	Percent
With only my spouse/partner/child(ren) (no other roommates)	25%
With my parent(s) or other relative(s)	23%
With other non-Portland State roommate(s)	16%
I live alone	12%
With my spouse/partner/child(ren) and with other roommates	10%
With other Portland State roommate(s)	8%
With both Portland State and non-Portland State roommate(s)	5%
Other (please specify)	1%

FIGURE 5: Living Arrangements of Survey Respondents

COMMUTE PATTERNS

Overall, students indicated they are commuting an average of 27 minutes each way to campus through a variety of transit methods. Approximately 39% live within a 15-35 minute radius and were those who use public transit, personal vehicles, or bicycles as their principal forms of transportation. Due to the convenience of Portland’s Metropolitan Area Express (MAX) system that extends north and south throughout the city with 97 stations, almost half of survey respondents (46%) use this method for their commute (Figure 6). Among other commuters, students who live closest to campus (5-15 minutes) are likely walking (20%) or riding a bicycle (6%). Among all commuters, 23% said they commute 35-55 minutes to campus.



FIGURE 6: Transportation Modes by Survey Respondents

HOUSING DECISION FACTORS

Among all students, 39% of respondents found the availability of on-campus housing to be very important or important and contributed to their decision in attending PSU. Specifically, 89% of on-campus residents thought student housing was very important or important in their decision, while only 26% and 19% of off-campus and at-home respondents, respectively, found student housing to be important or very important with respect to their decision. The lower response level among students in the off-campus market – whether renting or living at home – is common among other institutions with a significant population of commuters. In focus groups, students also indicated they were drawn to the ease of accessing the campus through a variety of transit options in the city.

Whether respondents chose to live in PSU-affiliated housing or in the off-campus market, students made their decisions of where to live based on a variety of factors. The survey identified which factors mattered most to all students and separated their responses into three groups: those living on campus, off campus, and at home. Students within all three groups were nearly identical in their self-reported factors with some slight variances in order of priority. Factors that were designated as students' top three among each group included total cost of rent and utilities, availability of convenient laundry facilities, and the availability of a kitchen (Figure 7).

Despite the factors being consistent across the top three, the subsequent factors aligned with preferences commonly found within their living arrangement. For example, the fourth factor for on-campus students was the proximity of their living location to their classes. In contrast, the availability of their preferred unit type and a quiet place to study was number four on the list for off-campus students and those living at home, respectively.

TOP TEN FACTORS	ON CAMPUS	OFF CAMPUS	AT HOME
Total cost of rent and utilities	90%	95%	87%
Availability of convenient laundry facilities	89%	92%	87%
Availability of a kitchen	87%	94%	86%
Proximity to classes	84%	66%	66%
Availability of my preferred housing unit type	82%	82%	73%
Availability of a quiet place to study	80%	78%	84%
Availability of a private bathroom	79%	70%	72%
Safety and security features in my building	78%	71%	73%
Safety and security of the neighborhood	77%	80%	82%
Proximity to, or availability of public transportation	76%	76%	73%
<i>Primary Factors</i>			
<i>Secondary Factors</i>			

FIGURE 7: Decision Factors for Current Living Situation by Survey Respondents (Very Important / Important Responses)

Students self-reported an average off-campus rental rate of \$663 per month plus \$131 in utilities, which typically included electricity, gas, and Internet for an average total of \$794 per month. Additionally, 31% of respondents reported an average security deposit of \$452 for a 12-month lease¹.

¹ The monthly cost does not include transportation costs in the total; however, transportation is an additional monthly expense that should be factored into the overall cost based on the mode of transportation.



FIGURE 8: Self-Reported Average Rents and Utilities by All Off-Campus Students

However, the average rent for off-campus respondents in single bedrooms is \$55 above the overall average at \$718 per month, while among students who live in a double or shared bedroom rent is \$78 below the average at \$585 per month. Overall, students experienced a total living cost of \$849 per month in a single bedroom while the greatest value for students was in a double bedroom at \$716 per month (Figure 9).



FIGURE 9: Self-Reported Average Rents and Utilities by Single & Double Bedroom Configurations

FUTURE HOUSING PREFERENCES

Students were asked a similar question regarding the top factors that led them to initially move off campus or continue to live off campus. In particular, students currently living on campus or off campus identified that the number one factor for them was the perception that it is more cost effective at 70% and 81%, respectively (Figure 10). Further, students living on campus desired more space (68%) and more privacy (64%). Juxtaposed to off-campus respondents, who desired the ability to have more privacy (61%) and access to their own kitchen (65%). All of the major factors for choosing to live off campus are related to the perceived value and lower cost to apartment-style living with more space and privacy available within the unit. To that end, approximately 43% of all respondents indicated they will choose to move into the off-campus market or stay off campus.

TOP TEN FACTORS	ON CAMPUS	OFF CAMPUS	AT HOME
More cost effective	81%	70%	69%
More living space	68%	58%	58%
More privacy	64%	61%	54%
Fewer rules and regulations	53%	45%	52%
Access to my own kitchen	52%	65%	50%
Better living unit amenities	50%	35%	34%
No meal plan requirement	43%	43%	49%
Ability to live with or near friends	43%	20%	19%
More convenient laundry facilities	41%	48%	45%
To live in a quieter environment	28%	40%	39%
<i>Primary Factors</i>			
<i>Secondary Factors</i>			

FIGURE 10: Top 10 Factors for Moving into the Off-Campus Market (Very Important / Important Responses)

Similarly, students were also asked about their top priorities for building amenities and features for a new student housing development. Within the top ten choices, on-campus and off-campus students both valued the inclusion of an in-unit full kitchen and private bathroom as primary features. A private single bathroom and in-room wireless Internet access also were top features that off-campus and students living at home recommended the University consider in a new residence hall (Figure 11).

TOP TEN FACILITY FEATURES	ON CAMPUS	OFF CAMPUS	AT HOME
In-unit full kitchen	61%	59%	41%
Private bathroom	54%	43%	46%
In-room wireless Internet access	47%	42%	50%
Private (single) bedroom	45%	60%	47%
Convenient laundry facilities in the building	30%	34%	28%
Late-night food option	26%	12%	15%
Fully furnished living unit	26%	8%	10%
Convenient location	26%	36%	38%
Controlled/secured access to the building	18%	17%	19%
Full-sized beds	18%	13%	10%
<i>Primary Features</i>			

FIGURE 11: Top 10 Facility Features to Consider for New Housing Developments

Additionally, students were also asked about their top personal preferences for a new student housing development. The same sub-groups of students also revealed very similar values for their top three (3) personal preferences. In Figure 12, students shared that they believe PSU should find ways to provide flexible occupancy terms such as 9, 10, or 12-month leases; little or no meal plan requirement while living on campus; and flexible payment terms such as a monthly rental option. It should be noted that UHRL does currently provide flexible occupancy terms but the survey data suggests there may be a disconnect with existing marketing efforts regarding this policy. Although each group ordered all three options slightly different, it demonstrates the necessity by students to have flexible living options. Further, both off-campus renters and students living at home selected the same fourth and fifth personal preferences, which were the ability to choose their own

roommates (49%), and proximity to public transportation (42% and 41%, respectively). These are key factors that also provide flexibility to students.

TOP TEN PERSONAL PREFERENCES	ON CAMPUS	OFF CAMPUS	AT HOME
Flexible occupancy terms (9, 10, or 12 months)	53%	53%	47%
Little or no meal plan requirement	50%	59%	49%
Flexible payment terms (e.g., pay rent monthly)	46%	54%	55%
Proximity to public transportation	45%	42%	41%
Fewer rules and regulations	39%	34%	25%
Ability to have pets	38%	37%	31%
More security features around residence halls	36%	31%	42%
Ability to choose my own roommates	36%	49%	49%
Availability of maintenance and custodial services	28%	23%	27%
Ability to live near students who are in my academic program	25%	13%	20%
<i>Primary Preferences</i>			

FIGURE 12: Top 10 Personal Preferences to Consider for New Housing Developments

CAMPUS SAFETY AND SECURITY PERCEPTIONS

PSU is an urban-serving institution in downtown Portland inherently making the university campus a porous urban environment. To understand the significance of campus safety in students’ experience while attending PSU, the survey attempted to identify how satisfaction levels for campus safety and security may have indirectly broken out by residents living in certain residence halls. The map was divided into three sections to understand the student experience as it relates to areas that might overlap with non-PSU buildings or spaces. There are three (3) transit locations along the campus edge, which may be a contributing factor in the possible reduction in satisfaction. As an anecdote related to concerns of safety near transit stops, the Project Team learned from focus groups that students living within University Pointe experienced safety issues by both other residents in the building or non-residents. Most security issues were related to the theft of a personal item or feeling unsafe in the evenings on the ground floor of University Pointe. Similarly, there was some concern for safety by students living in Broadway and Ondine Halls also due to the close proximity of the MAX transit stop. Despite the expressed concerns in the focus groups, as seen in the survey, Section C, which includes Broadway and Ondine Halls, had the highest safety satisfaction of residents at 71% and 70%, respectively. However, nearby student residents within University Pointe expressed a lower level of satisfaction with their safety at 48%.

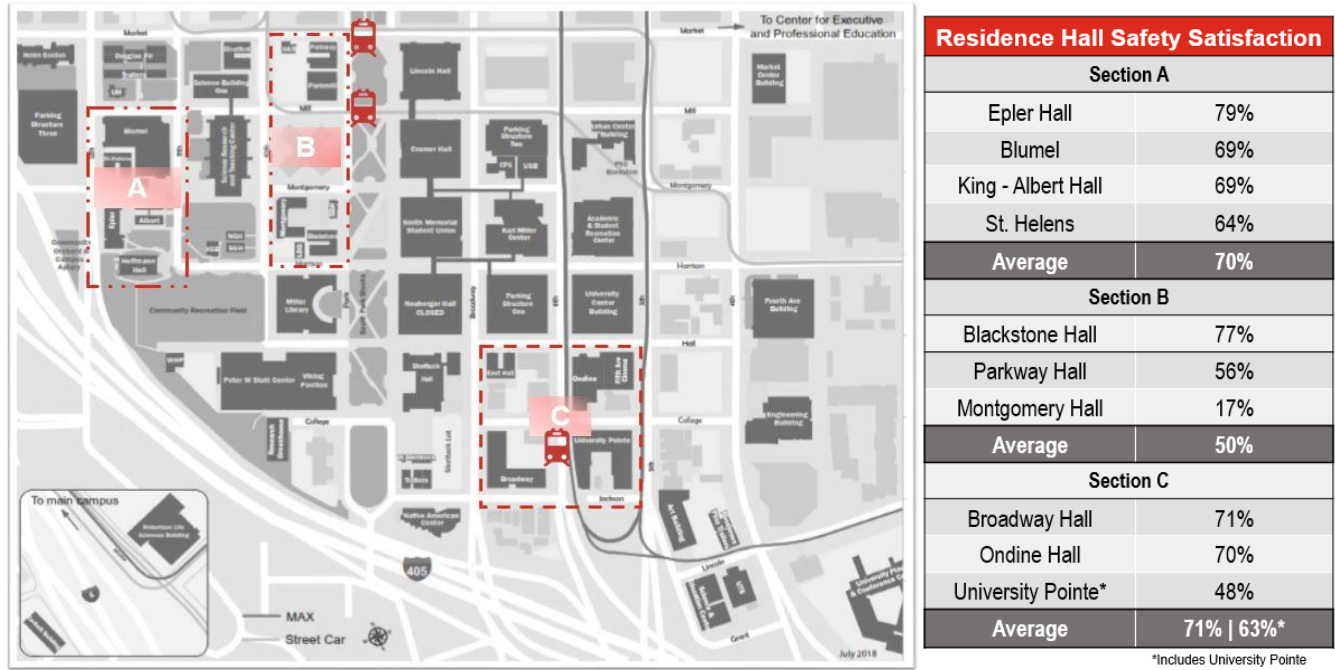


FIGURE 13: Map of Self-Reported Satisfaction Rates of Safety & Security by Residence Halls

It is important to note that the east side of campus is considered a more active and vibrant area of the campus. The west side of campus, which is west of the Park Blocks, is quieter and populated by more upper division students. Despite their close proximities, sections A and B revealed a difference in student satisfaction of 20% between the average rates. The Project Team believes that the primary difference is the proximity to the two MAX stops – Parkway Hall being located across the street of one of those stops.

Respondents living in Section B are in direct contact with the Portland community and have direct access to both residential and academic spaces via streets and pedestrian walkways. When compared to Section A, which is located one block west, the average safety score increases 20%. Despite these four halls – Epler, Blumel, King-Albert, and St. Helens all being located on the most western part of campus, the satisfaction scores are comparable to those on the eastern portion of campus. Despite data not being available to support the variance, in the fall of 2017, there was a non-PSU related homicide that occurred near Montgomery, which might contribute to student satisfaction related to safety in this area.

DEMAND ANALYSIS

DEMAND OVERVIEW

B&D developed a detailed model to project the specific level of demand for student housing at Portland State University. A variety of unit types was tested including single and double configurations of various styles, such as traditionals, semi suites, full suites, and apartments.

The model derives demand from electronic survey responses, as well as current and projected enrollment figures provided by PSU. Survey respondents were provided with a narrative describing the unit types with descriptions and rental rates, including sample floor plans of traditionals, semi suites, full suites, and apartments, such as studio, 1-, 2-, and 4-bedroom options. Following the narrative, respondents were asked to indicate which unit type and occupancy option they would select if it were available this academic year (2017-2018).

A target market was then defined to project conservative and realistic demand from Portland State students currently enrolled. The target market included respondents who met all of the following criteria: (1) are full-time students; (2) indicated they were interested in living on campus; (3) currently living on campus or currently living off campus and are renting a room, apartment or house; and (4) are currently paying rent of \$600 or more per month within the off-campus market. Respondents not meeting the aforementioned criteria, including students who own a home or are currently living with parents, were removed from the Demand Analysis. In B&D's experience, both populations have additional barriers to entry limiting their interest in on-campus living and any significant demand within the Analysis.

DEMAND BREAKDOWN

The demand model utilized a total enrollment consistent with the most recent levels finalized by the University (2017-2018) at 22,296 and with a current capture rate of 10% or 2,219 beds. Interest in campus housing was shown for all unit types tested and across all class level groups. When filtering demand by the above criteria, B&D projected a capture rate of 15% or a total demand of 3,315 on-campus beds. The difference between projected demand and current occupancy is approximately 1,096 beds. The largest increase in capture rate by class level was with the junior population from 9% to 18% for a total projected capture of 912 on-campus beds. The jump in the junior population is significant and is likely due to the high transfer population who enter into PSU as juniors.

Maximum Potential Student Demand

Enrollment Classification	Enrolled Population	Current Capture Rate	Current Occupancy	Projected Capture Rate	Maximum Potential Demand
Freshman	2,745	35%	955	39%	1,062
Sophomore	2,800	15%	420	19%	532
Junior	4,956	9%	441	18%	912
Senior / Other	7,199	5%	329	9%	652
Graduate / Professional	4,596	2%	74	3%	156
TOTAL	22,296	10%	2,219	15%	3,315

Difference From Existing Occupancy (Unmet Demand): (1,096)

FIGURE 14: Maximum Potential Demand by Class Level

DEMAND AND SUPPLY RECONCILIATION

An analysis was completed to determine how the total on-campus demand found within the student survey (3,315 beds) would affect the existing supply of beds at Portland State. Currently, PSU provides beds to 2,219 students on campus. Under consideration for the demand and supply reconciliation was all university-owned residence halls, which does not include PSU students currently living in University Pointe or other off-campus properties. The demand reconciliation exercise was intended to reveal how much additional on-campus housing demand may be present after the entire existing supply of beds was taken into consideration.

The reconciliation exercise starts with the total demand possible and begins by including the existing bed supply to reveal what remaining demand is present. Firstly, after including on-campus traditional beds dedicated to freshmen at 189 beds, the unmet demand was identified as 770 beds. When considering semi-suite options (181 beds) and full suites (362 beds) available to upper division students at PSU, the Analysis found a remaining unmet demand of 306 and 172 beds, respectively. Lastly, when all apartments (1,487 beds) on campus were assumed as a part of the supply, an over subscription of 309 beds was present when compared with the demand. Due to no specific hall or unit type being dedicated to graduate housing, an unmet demand of 156 beds was also present. Additionally, despite this existing demand for graduate housing, University Housing and Residence Life (UHRL) does not have the resources necessary to sustain these unit types. The overall breakdown of unmet demand at 1,096 beds reveals that it is primarily comprised of interest for traditional-style and suite housing options. Existing housing supply of apartments is currently satisfying demand for those units on campus with an additional 309 beds over. The demand and supply reconciliation exercise suggests that a focus on building more traditional style housing in a new project and renovating existing apartments into suite-style unit types could satisfy demand depicted by students within the B&D survey.

Demand / Supply Reconciliation						
	Traditional	Suite & Apartment Style Housing			Graduate	Total
	Housing	Semi-Suite	Full-Suite	Apartments		
Freshmen	445	292	325	-	-	-
Sophomore	99	59	48	326	-	-
Junior	231	70	90	521	-	-
Senior	184	66	71	331	-	-
Graduate/Professional	0	0	0	0	156	-
Total Demand:	959	487	534	1,178	156	3,315
Traditional Res Halls¹	189					189
Unmet Demand	(770)					(770)
Suites¹		181	362			543
Unmet Demand		(306)	(172)			
Apartments¹				1,487		1,487
Unmet Demand				309		
Total Unmet Demand	(770)	(306)	(172)	309	(156)	(1,096)

1: Capacity is based on 2017-2018 Capacity per PSU Portfolio - Total No. of Beds is 2,219 beds

FIGURE 15: B&D Demand & Supply Reconciliation Analysis

Sufficient demand is present to build new housing when considering all university-owned bed spaces currently available to PSU students. However, current traditional and suite options will not provide an adequate supply of beds to meet the overall on-campus housing demand that was found in the Demand Analysis. This structure in demand provides an opportunity to allow the off-campus market, more specifically University Pointe, to strategically be the apartment option to PSU students while the University shifts its focus to offering traditional and suite-style options. This shift also allows the University to support the implementation of a first-year live-on requirement or potentially a two year live-on policy in the long term. This effort is in alignment with the strategic framework to focus on first year, second year, and transfer year living experiences.

UNIVERSITY POINTE IMPACT ANALYSIS

OVERVIEW

University Pointe at College Station is a 978-bed apartment community built and operated as a public-private partnership with a national student housing developer, American Campus Communities (“ACC”) via a ground lease of University owned land. Built in 2012, this privately managed community provides many similar amenities and conveniences as found in the PSU housing system including on-site staff, study spaces, roommate matching, and leases by the bed. The project has struggled with occupancy for a number of years presenting a unique set of challenges and opportunities to the University.

As of fall 2018, Portland State University students occupy approximately 670 beds (67%) of University Pointe. In order to achieve targeted occupancy and revenue targets, American Campus Communities began leasing to non-Portland State University students. Both the focus groups and survey analysis identified multiple concerns of students given how non-students can and have been integrated with the student population. Additional concerns related to safety and security were raised and noted in the previous sections of this Plan. Given the challenges this property is facing and conditions of the operating agreement, PSU must identify a path forward to improve its housing system and insure the optimal performance of University Pointe.

ANALYSIS

Demand for student housing overall indicates that sufficient demand is present from the PSU population to fill its own beds and still have over 1,000 beds of unmet demand, which could occupy University Pointe. However, current and historical occupancy rates do not align with this analysis. Digging into the demand numbers in detail shows that the University is overbuilt as it relates to apartment units. This demand number along with the challenges identified within our market research is limiting the capture rate of University Pointe.

Some of the specific findings from the survey include a 55% rate of satisfaction among those currently living in University Pointe primarily because of the physical condition of their unit (63%) and the availability of amenities and services (61%). Students indicated they initially were interested in moving into University Pointe because of the perception that it was more social and did not enforce similar rules and regulations found in PSU-affiliated student housing. However, students in focus groups also raised concerns related to security and roommate matching policies. These concerns were primarily attributed to reports of theft or feeling unsafe in the evenings. Safety concerns were anecdotally mentioned to be with the ground floor due to the building's proximity to the MAX transit stop.

Product Alignment

B&D's belief is that the University Pointe property is not achieving its potential as a public-private partnership with Portland State University. P3s present a unique opportunity for the campus to expand its housing portfolio, but only when the partnership is strong and benefiting all parties. B&D views that the product and student experience offered by University Pointe is out of alignment with the University's vision and housing portfolio which is allowing for non-student residents and placing students in inappropriate unit types. This disconnect creates challenges for PSU as it relates to the overall student housing community, University brand, and place restrictions for the expansion of on-campus housing. In this sense, University Pointe can be viewed as competition for, rather than complementing, existing campus apartments. We believe it is in the best interest of PSU and ACC to work closely together on the following areas with the University exerting control and enhancing its partnership position:

- *Increase potential market of student residents:* Portland State University should look to expand the potential market of residents for University Pointe through the housing development continuum and housing programming. Significant demand is present for housing unit-types associated with lower division students. When coupled with programs that connect students to academic success, residents

in these units remain in student housing at higher rates. University Pointe can be the extension of that housing development continuum. This effort would require the University to have all first-time freshmen live in more traditional and programmed housing offerings like Broadway or Ondine, and even relocating first-year students who are living in University Pointe to campus housing.

- *Expanded marketing efforts:* Portland State University has an opportunity with the University Pointe project to utilize it as an extension of its housing portfolio rather than competition. The product could be better positioned in marketing materials to demonstrate that this property is for students to move into after experiencing on-campus housing for one or two years. Greater inclusion of the project in communications about all options that are available to students should be shared with all individuals who are interested in applying for housing at PSU. This effort will also assert greater control over the messaging of the property and managing the expectations of students as they matriculate through PSU.
- *Experiential difference:* The programmatic position of University Pointe is comparable to other on-campus apartment communities. Establishing a distinct difference in programming and experience in that community versus the on-campus environment could create an additional draw of residents. Potential options include specific affinity housing or learning communities that could target specific issues that transfers, juniors, and seniors face as they matriculate. Conversely, greater programming and affinity housing could be developed in upper division on-campus housing allowing University Pointe to support students not seeking any affiliated housing.

It is our recommendation that the contract with ACC be re-visited and re-negotiated in a way that seeks to be more strategic and intentional about the synergies between the two housing programs. The contract review should consider how marketing efforts and experiential differences are aligned to provide greater consistency between both programs. Both programs provide distinct offerings that can be mutually beneficial to ACC and PSU while combining efforts to meet the same overall interests by students for specific unit types, experiences, amenities, proximity, and access to resources.

REVIEW OF PSU HOUSING AND CAMPUS PRIORITIES – TASK 2

DEMOGRAPHIC ANALYSIS

Understanding the demographic composition of the student population is critical in defining the target market of students interested in future housing. The information provided to the Project Team was utilized in conjunction with the survey and demand analyses. Multiple Portland State University demographic characteristics were analyzed to gain a better understanding of the Institution’s student population and evaluate any potential shifts in future demand from the target market. Additionally, Oregon State high school graduate data was also analyzed by Brailsford & Dunlavy to understand recruitment patterns and strategies from PSU. B&D analyzed the following key demographic characteristics:

- ◆ Enrollment
- ◆ Status
- ◆ Age
- ◆ Gender
- ◆ Residency
- ◆ Financial Aid Awarded
- ◆ Portland State High School Graduate Demographic Data

TOTAL ENROLLMENT

Since 2014, PSU’s enrollment has varied and experienced a 3.7% decrease overall. The total enrollment decreases are due to a 4.4% decrease in sophomores, juniors, and seniors and a 3.8% decrease in graduate students. In contrast, freshman enrollment grew modestly since that time by approximately 1.3%.

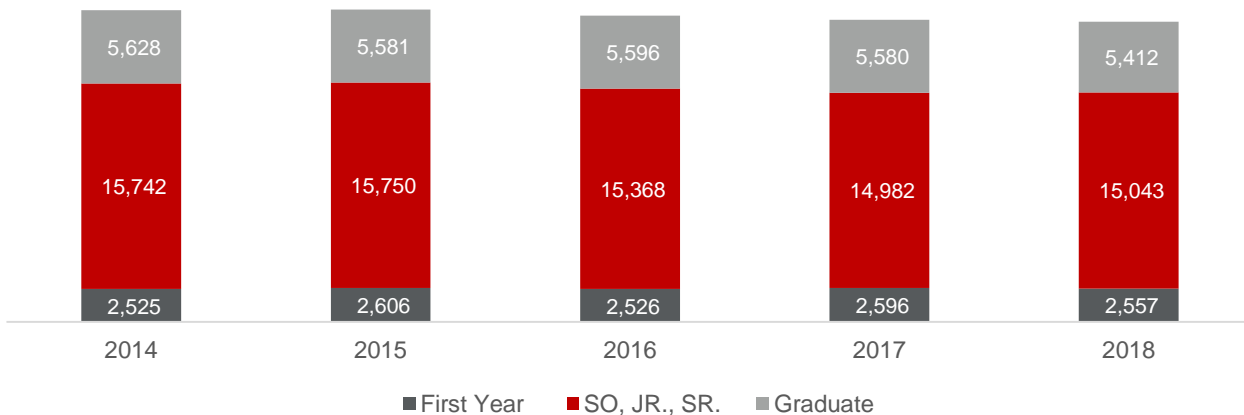


FIGURE 16: Total Enrollment by Class Levels (2014-2018)

An analysis of full-time and part-time undergraduate enrollment data reveals that full-time undergraduate enrollment has remained consistent with marginal change over a four-year period. On the other hand, the full-time graduate population has experienced a decrease while the part time fall enrollment shows an increase of 1.8% growth between fall 2014 and fall 2018. PSU’s mission of providing educational advancement and flexible programs for non-traditional students explains the consistent growth in the part-time undergraduate and graduate student populations as students are working full-time jobs, married with children, or seeking professional advancement in a specific in an industry that serves Portland or the surrounding metropolitan area.

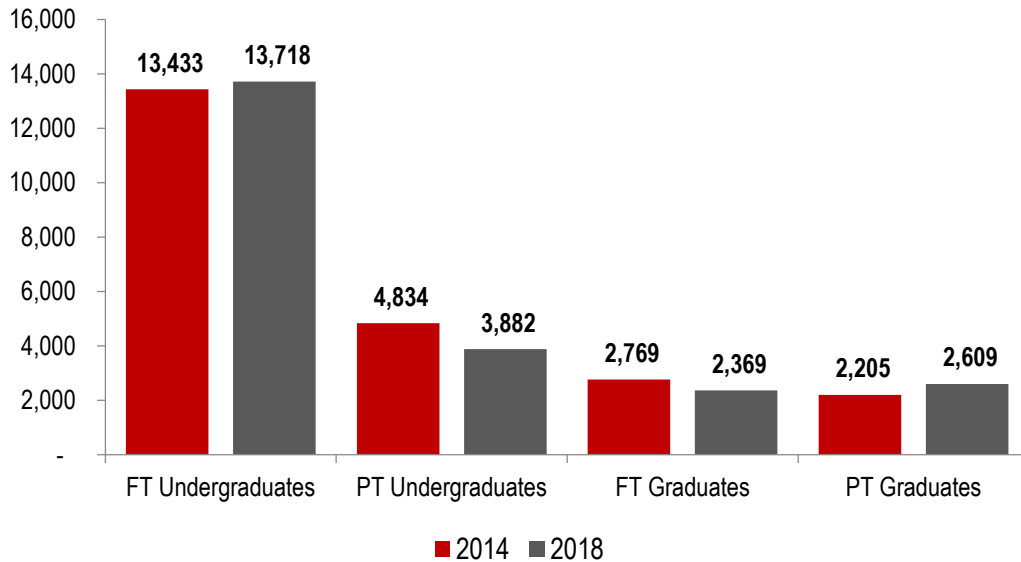


FIGURE 17: Graduate and Undergraduate Status by Enrollment (2018)

ENROLLMENT STATUS

A further analysis of Portland State’s enrollment demonstrates that full-time students account for approximately 63% of the total fall 2018 enrollment. Since 2014, the full-time population has had an overall increase of 2% while the part-time undergraduate enrollment has decreased 2% during the same period.

Similar to the total enrollment, the percentage of full-time undergraduate students has increased 4% while the percentage of part-time undergraduate students has decreased 4% since 2014. In 2018, full-time students accounted for 75% of all undergraduates, which is a slight increase from 2014 at 71%. The increase in full-time undergraduate students also indicates a potential increase in future demand for student housing as full-time students have a greater propensity to seek on-campus living options.

ENROLLMENT BY AGE

In 2013, the average age of PSU students was 27 for undergraduates and 34 for graduate students. In 2017, both undergraduate and graduate average ages trended lower by one year demonstrating a potential shift toward a more traditionally-aged population. For example, the undergraduate enrollment was primarily concentrated among students between the ages of 19.9 and 32 during 2013 while a shift occurred during 2018 to 19.5 and 28. The trend towards a more traditional student population will have considerable impacts on the demand for on-campus housing, as well as the need for particular resources, services, and expectations of campus life. Based on B&D's national experience, a younger student population typically seeks or expects a certain student life environment that can drastically shift how the campus currently operates, such as greater late-night access to the library and student union or demand for expanded residential dining within campus housing.

ENROLLMENT BY GENDER

A growing majority of colleges and universities outside of single-sex institutions have a majority female undergraduate and graduate population – this is also true for Portland State University. Portland State's undergraduate and graduate enrollments consist of approximately 9% more females than males. Females represented 54% of the undergraduate population while they accounted for 61% of the graduate population.

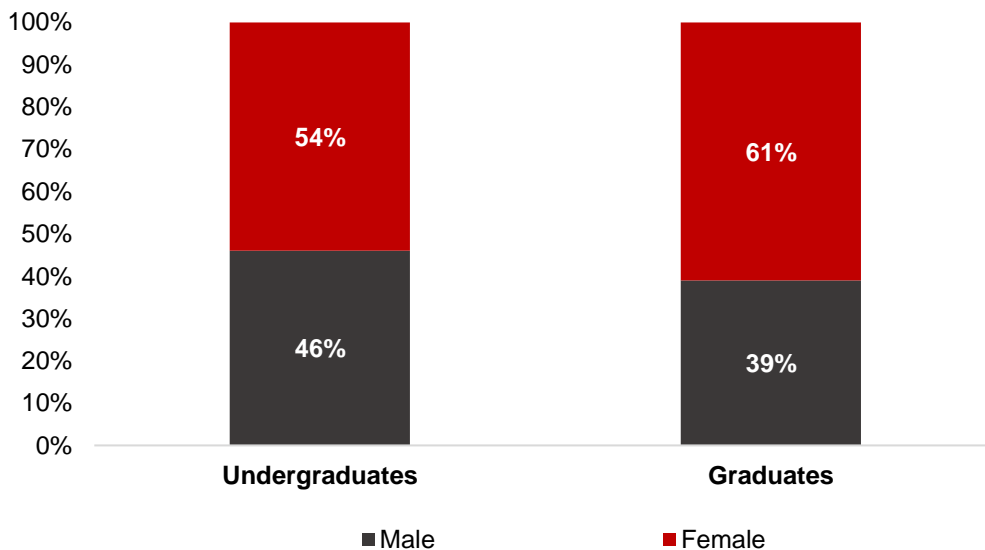


FIGURE 18: Comparison of Gender by Undergraduates & Graduates (2018)

FINANCIAL AID

The university awarded an average of 66% of full-time undergraduates with financial aid over the past four years. As illustrated in Figure 19, fall 2017 experienced a 10% increase in aid to first year students and 3% decrease in aid to all full-time undergraduates as a whole. Overall, 95% of the students who demonstrated a financial need for 2017-2018 were awarded, which is a 9% increase from the 2016-2017. Further, across the 2014-2018 period, an average of 67% of PSU’s full-time first-year students received financial aid. The sensitivity to cost of education was also evident in survey responses received from both on-campus and off-campus undergraduate students. In particular, responses indicated that cost was the number one factor in deciding on where to live in the upcoming year, as well as ensuring that any future housing on campus was cost effective or affordable.

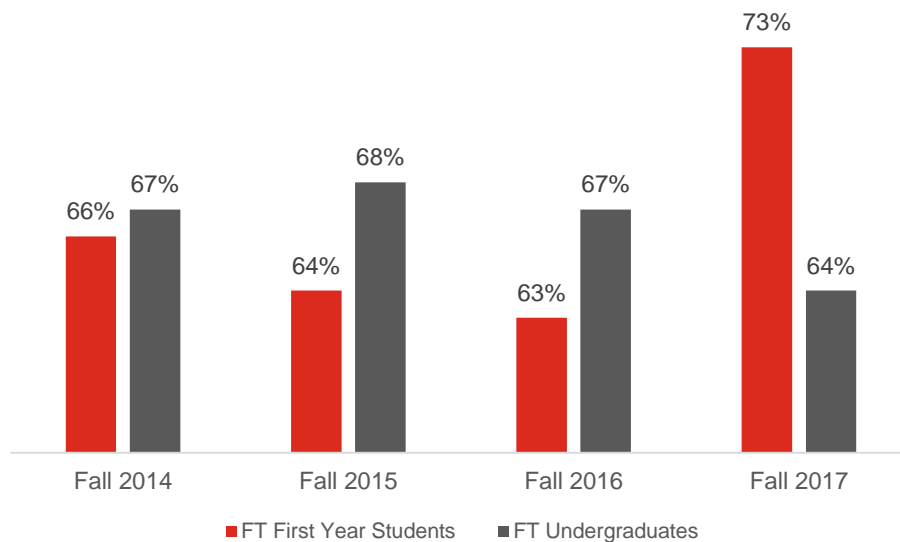


FIGURE 19: Percentage of Undergraduates that Received Financial Aid the past Four Years

RESIDENCY

OVERVIEW

Approximately 77% of all PSU students are from the state of Oregon (or meet the university’s residency requirements). Of the remaining 23%, 16% are domestic (non-resident) and 7% are international students. When disaggregated, their data does marginally shift between populations. The undergraduate population is comprised of 78% residents, 17% domestics, and 5% international. Comparatively, the graduate population is 70% residents, 18% domestic, and 12% international.

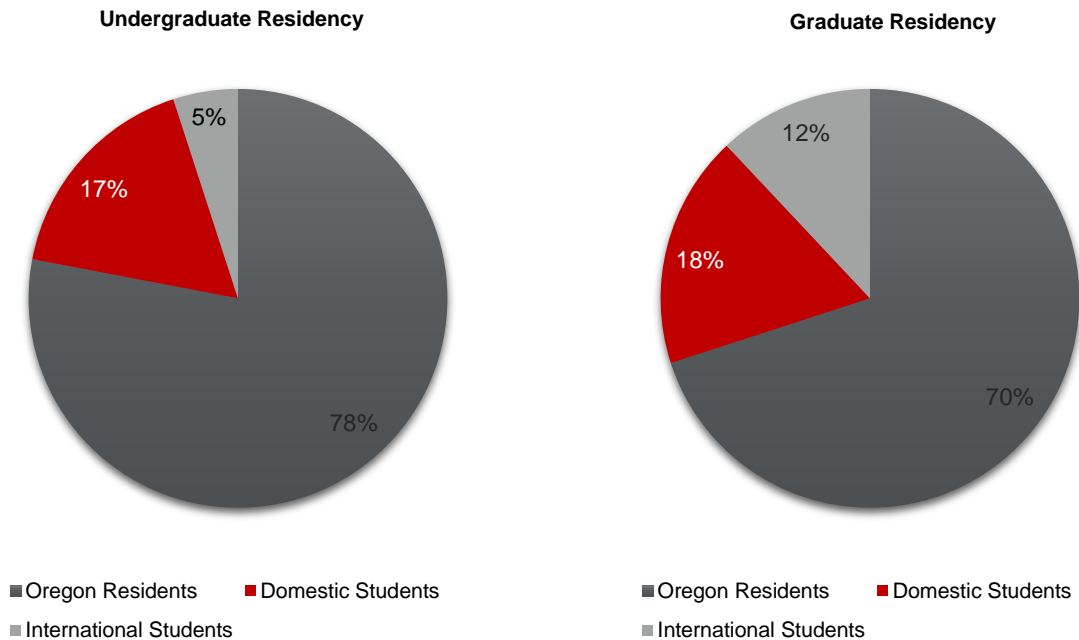


FIGURE 20: Percentage of Enrollment by Residency for Undergraduates & Graduates (2018)

Brailsford & Dunlavey further analyzed students’ residency by examining enrollment data of Oregon residents by county. Oregon is comprised of 36 counties with ten having population greater than 100,000. The counties with the largest populations are primarily located in the northwestern part of the state, which includes Portland’s Multnomah County. Similarly, the largest demographic of Oregon students are also from the northwestern region, which includes Portland’s Multnomah County.

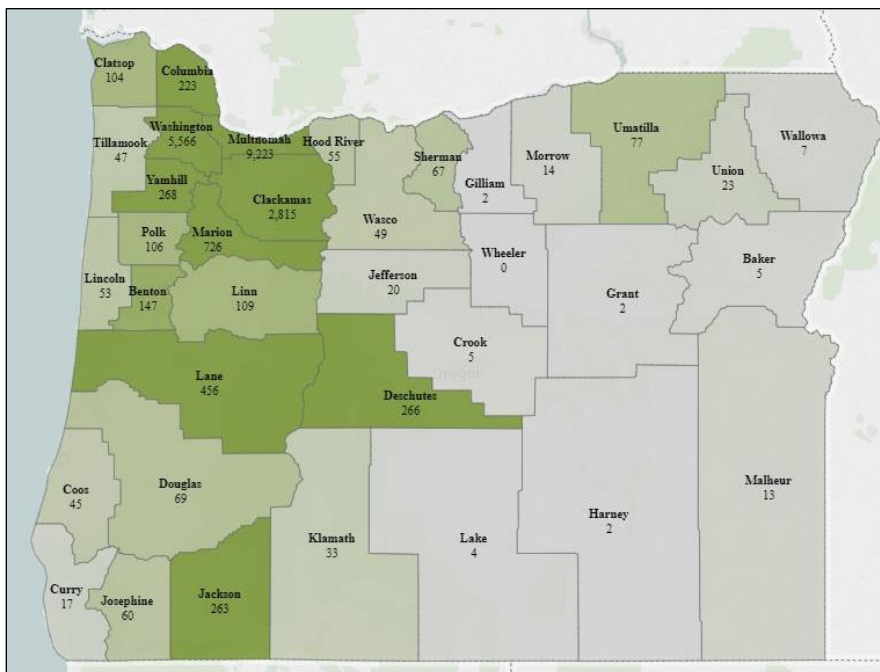


FIGURE 21: Graphic Representation of Students’ Oregon Residency by County (2018)

EXISTING CONDITIONS ASSESSMENT

Facility Assessments measure the relative condition of building systems and components and provide a framework to identify, compare, and prioritize residential building needs. Full building assessments were not included in the scope of the Portland State University Housing Master Plan, however, walking tours were conducted to gain a general understanding of conditions in the residence halls.

The observations made during the walking tours were compared against previous assessments done by others in approximately 2016. Full Assessments done by others are not included in this report and are available through the Portland State University Campus Planning Office.

RECURRING THEMES

Accessibility

A systemic occurrence in almost every facility observed, except for buildings constructed within the past 10-15 years, is lack of accessibility. From entering the building, to lack of elevator, to the bathroom layout, barriers are prevalent. This is particularly noticeable in the “historics” where wheelchair access into the building is either nonexistent or at the very least not at the main entry. These buildings fall far short of modern-day best practice and code requirements.

Antiquated Systems

Mechanical, electrical, and plumbing infrastructure through the campus housing stock is antiquated and approaching, if not beyond, end of its effective life span. Consideration of the backlog of items will need to be addressed at each stage of building improvements, so that replacement of aging equipment is integral to the scope of work in each facility. Heavily antiquated equipment and systems that are not replaced increases the risk of overall building utility failure, and thus the probability of building decommissioning, code violations, and exacerbation of life/safety issues.

Exterior Envelope

The exterior envelope, in both vertical elements such as exterior walls and windows, and horizontal elements such as the roof, are large issues in several of the buildings. These areas show excessive wear and are in need of repair and ongoing maintenance. Consideration of these items should be addressed at each stage of building improvements.

Programmatic Constraints

The existing housing stock and Portland State is unique compared to peer institutions. There is very little traditional student housing with community restrooms and living spaces, and an overabundance of semi-suite style accommodations with an in-room restroom and kitchenette. Such semi-suite style spaces serve upper

division students well but do not often provide the First and Second Year Experience for which many students choose to live on campus. Further, most residential buildings lack community social spaces such as lounges and studies.

CURRENT STUDENT RESIDENTIAL FACILITIES



- 1 – Blackstone
- 2 – Blumel
- 3 – Broadway
- 4 – King Albert
- 5 – Montgomery
- 6 – Ondine
- 7 – Parkway
- 8 – Stephen Epler
- 9 – Saint Helens

BLACKSTONE

Blackstone is a historic brownstone building centrally located on campus, adjacent the Park Blocks. It is a U-shaped facility and houses a mix of apartment and sleeper unit types.

Blackstone is primarily populated with non-first year students.

FACILITY INFORMATION

Construction Date:	1931
Building Area:	39,971 GSF
Number of Floors:	5
Capacity (Units/Beds):	53 / 71
% Overall Inventory, (Units/Beds):	3.9% / 3.2%
Unit Types:	13 Traditional Singles 6 Suites – Quad 34 Apts - Singles



POSITIVES

Blackstone is an aged structure with Egyptian Revival elements, with historic characteristics that might be desirable to some students.

AREAS OF SIGNIFICANT CONCERN

Originally designed as a residential apartment, the building layout is not optimal for students and lacks social spaces and study areas.

Significant ADA / Accessibility concerns.

Elevator has been decommissioned.

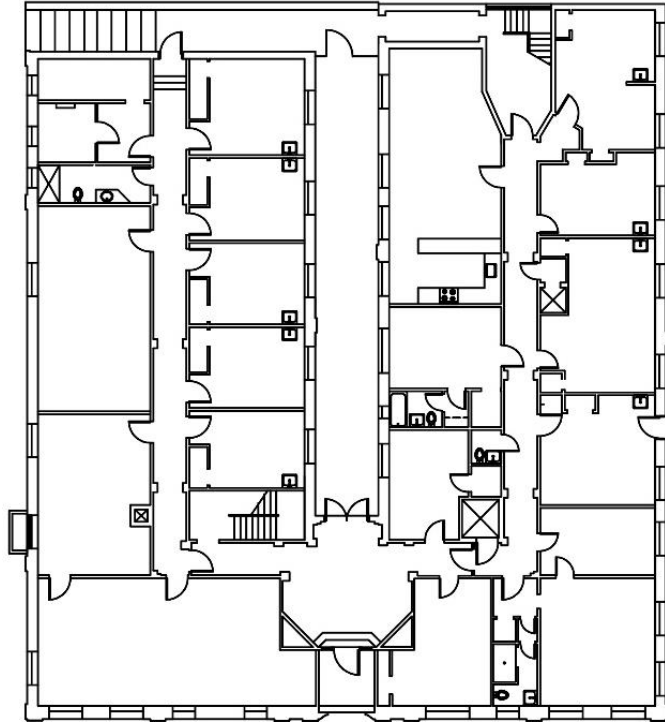
Extent of seismic upgrades is undetermined and must be assessed.

Domestic water piping is galvanized steel and very corroded. Lead may be an issue in piping.

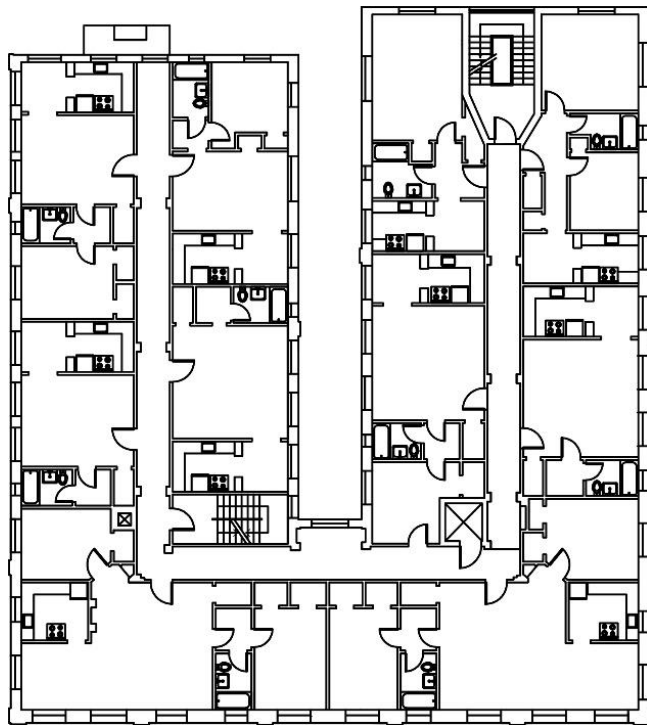
Interior finishes show significant damage and wear.



BLACKSTONE FLOOR PLANS



Ground Floor



Typical Upper Floors

BLUMEL

Blumel is located on the west edge of campus and is an L-shaped structure. The residential floors sit atop two floors of parking below.

All non-first year students are eligible to live in Blumel Hall.

FACILITY INFORMATION

Construction Date:	1986
Building Area:	124,607 GSF
Number of Floors:	9 (7 are residential)
Capacity (Units/Beds):	188 / 361
% Overall Inventory, (Units/Beds)	13.9% / 16.3%
Unit Types:	15 Apts – Single 173 Apts - Double



POSITIVES

Blumel is one of the more spacious living arrangements and may appeal to students needing extra square footage.

Recent investments have improved the exterior envelope.

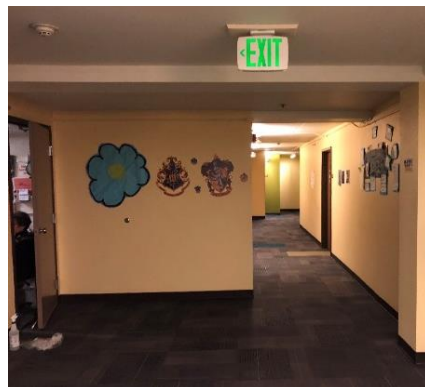
AREAS OF SIGNIFICANT CONCERN

The residential floors lack social spaces and study areas for students.

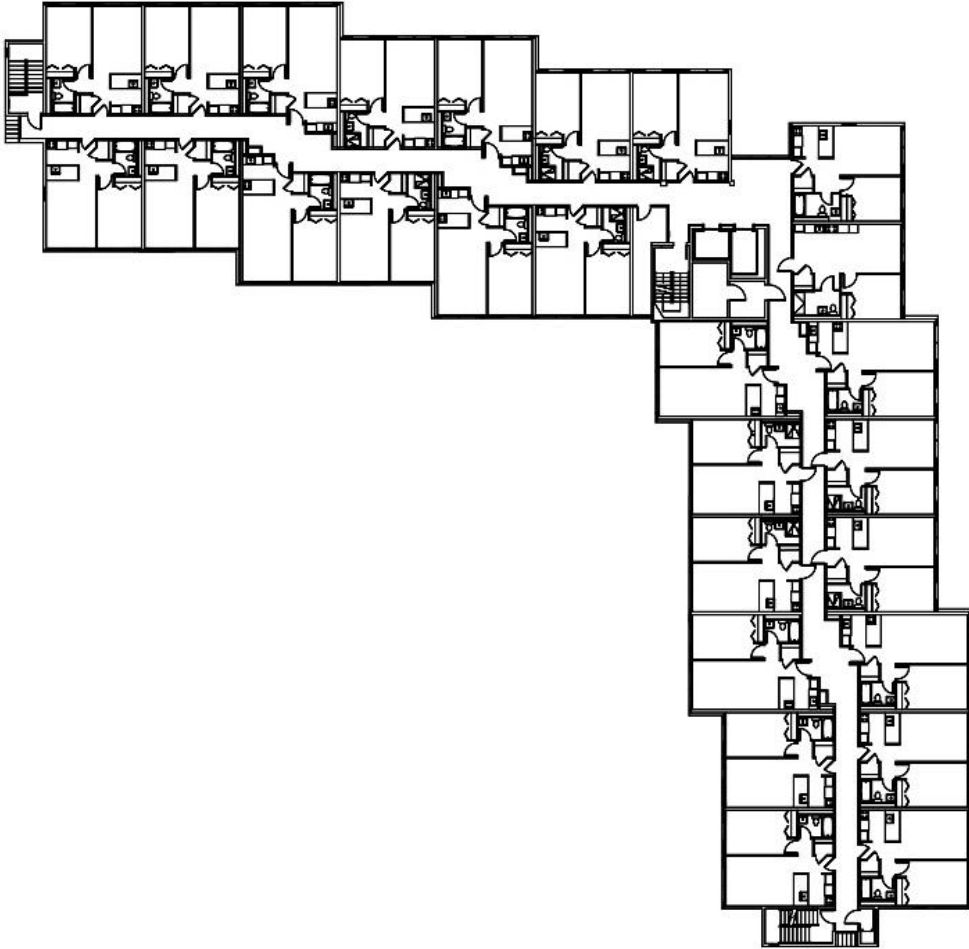
One-bedroom apartments serve two students, often an undesirable sleeping arrangement for non-first-year students.

The HVAC system does not adequately cool the building during warm weather.

Interior finishes are showing wear.



BLUMEL FLOOR PLANS



Typical Residential Floors

BROADWAY

Broadway Residence Hall is located on the East side of campus and is an L-shaped structure. While the primary use of the building is student housing, the lower floors house retail space, classrooms, a computer lab, and offices.

Broadway currently houses first year students and upper division students.

FACILITY INFORMATION

Construction Date:	2004
Building Area:	220,399 GSF
Number of Floors:	10 (8 residential)
Capacity (Units/Beds):	381 / 704
% Overall Inventory, (Units/Beds):	28% / 31.7%
Occupancy:	58 Apts – Singles 323 Apts - Doubles



POSITIVES

Broadway is one of the newer residence halls on campus and may appeal to students desiring a contemporary facility. Unit types include a small kitchenette which are ideal for students who prefer to cook meals themselves, and offers an in-unit bathroom.

AREAS OF SIGNIFICANT CONCERN

The residential floors lack social spaces and study areas for students.

The building envelope has evidence of leaks at the vertical enclosure as well as the roof and should be investigated.

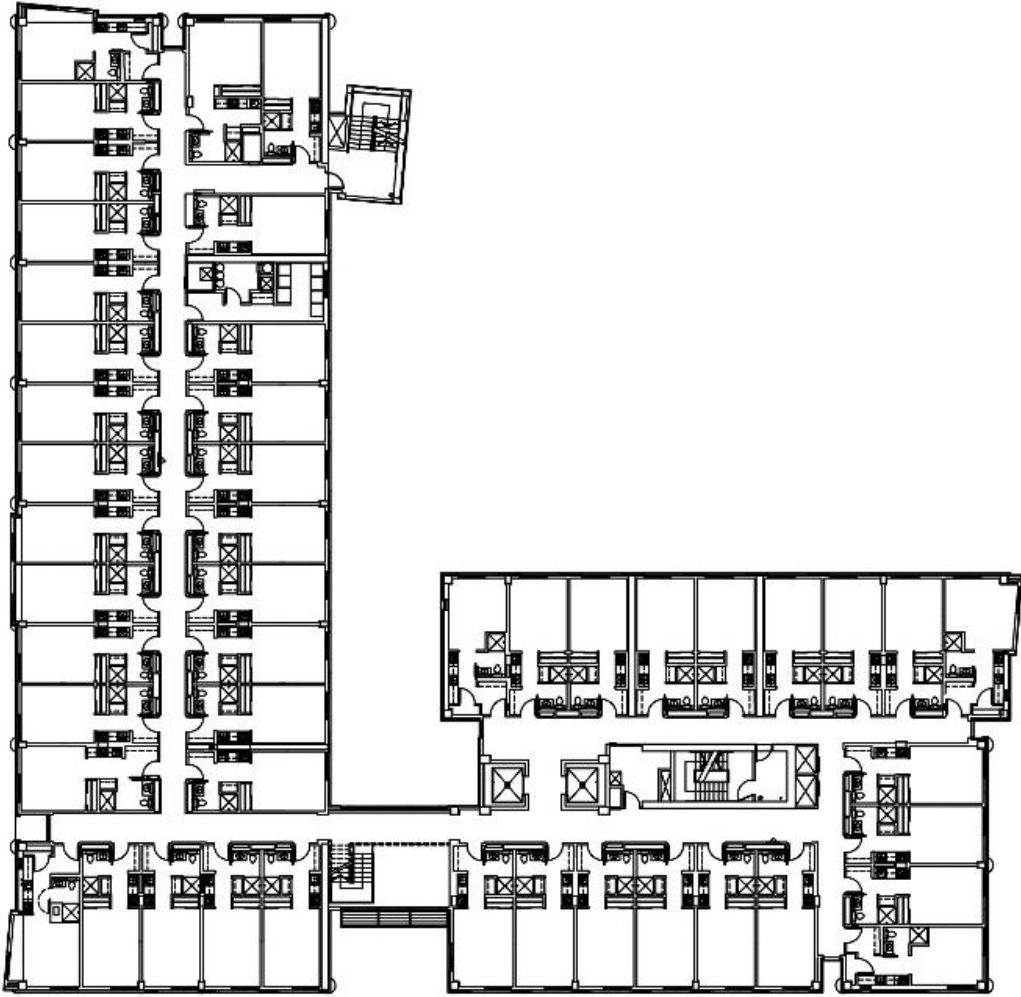
Deterioration of the visible gravity system is occurring and should be investigated.

Toilet parts are unavailable and difficult to maintain – full toilet replacement may be warranted.

A comprehensive boiler review is warranted.



BROADWAY FLOOR PLANS



Typical Residential Floors

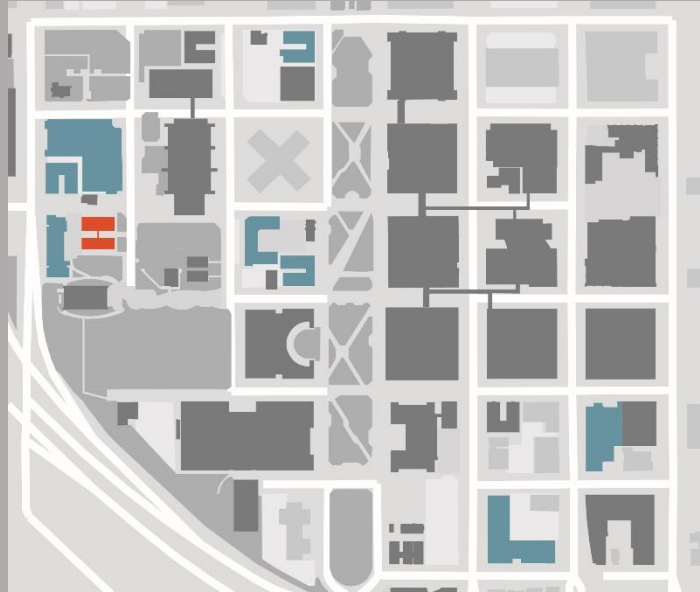
KING ALBERT

King Albert Residence Hall is located on the East side of campus and is an H-shaped structure. While the primary use of the building is student housing, the ground floor houses the Meetro, a university owned coffee shop.

All non-first year students are eligible to live in King Albert.

FACILITY INFORMATION

Construction Date:	1918
Building Area:	38,747 GSF
Number of Floors:	5 (4 residential)
Capacity (Units/Beds):	64 / 64
% Overall Inventory, (Units/Beds):	4.7% / 2.9%
Unit Types:	64 Apts - Single



POSITIVES

King Albert is an aged structure and has historic characteristics that may be desirable to some students.

AREAS OF SIGNIFICANT CONCERN

The residential floors lack social spaces and study areas for students.

The building is expected to perform poorly in a seismic event.

Significant ADA/accessibility constraints.

Elevator has been decommissioned.

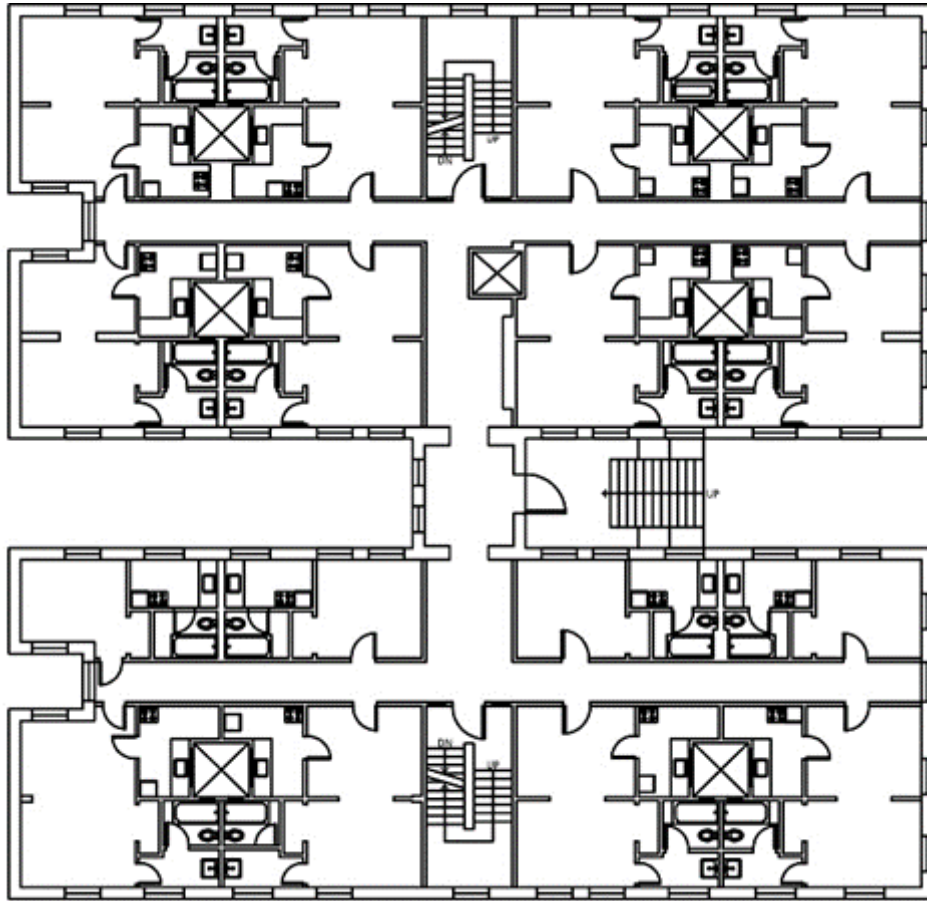
Interior finishes are showing wear.

No emergency egress path lighting.

Domestic water piping is galvanized steel and is very corroded. Due to age of piping, lead may be an issue.



KING ALBERT FLOOR PLANS



King Albert Typical Residential Floors

MONTGOMERY

Montgomery Residence Hall is located on the East side of campus and is a U-shaped structure. While the primary use is student housing, the basement houses the Women's Resource Center.

All non-first-year students are eligible to live in Montgomery.

FACILITY INFORMATION

Construction Date:	1920/1926
Building Area:	43,320 GSF
Number of Floors:	5 with basement
Capacity (Units/Beds):	148 / 163
% Overall Inventory, (Units / Beds):	10.9% / 7.3%
Occupancy:	131 Traditional Singles 16 Traditional Doubles 1 Apt - Single



POSITIVES

Montgomery is an aged structure and has historic characteristics that may be desirable to some students.

The ground floor has well used social spaces.

AREAS OF SIGNIFICANT CONCERN

The residential floors lack social spaces and study areas for students.

Determination if additional seismic upgrades are needed is necessary.

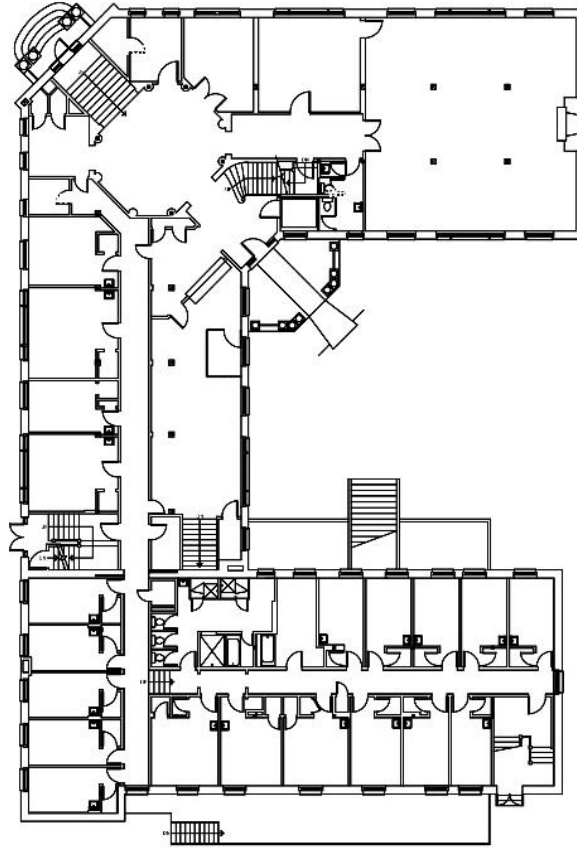
Significant ADA/accessibility constraints.

Domestic water piping is galvanized steel and is very corroded. Due to age of piping, lead may be an issue.

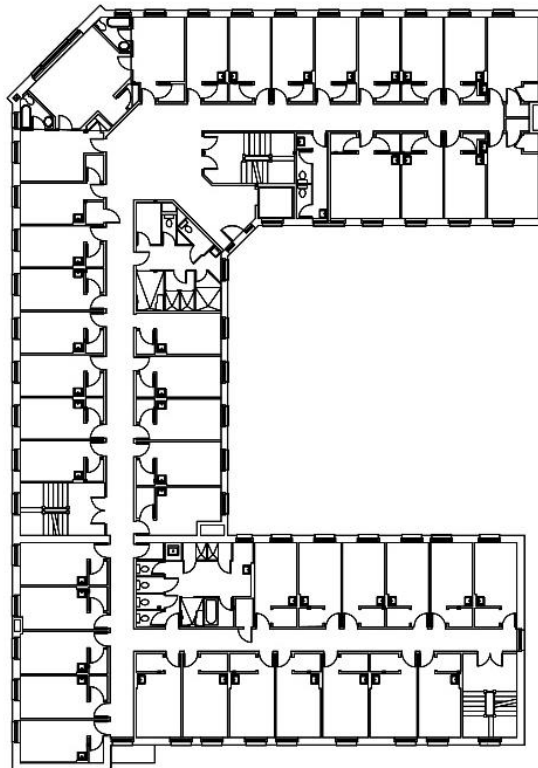
Excessive ivy growth on the exterior.



MONTGOMERY FLOOR PLANS



Montgomery Ground Floor



Montgomery Typical Upper Floors

ONDINE

Ondine Residence Hall is located on the West-side of campus. The campus's main dining facility is on the first floor. Lounge, conference, and offices are on the second floor. There are parking facilities.

Ondine residence hall currently houses first year students and upper division students.

FACILITY INFORMATION

Construction Date:	1966
Building Area:	225,744 GSF
Number of Floors:	16 (12 residential)
Capacity (Units/Beds):	285 / 521
% Overall Inventory, (Units/Beds):	21% / 23.5%
Occupancy:	7 Studios – Singles 87 Studios - Doubles 41 Suites - Single 149 Suites – Double 1 Apts - Single



POSITIVES

Ondine is a high capacity facility.

Lower floor program elements appear to serve students well.

AREAS OF SIGNIFICANT CONCERN

The residential floors lack social spaces and study areas for students.

Determination if additional seismic upgrades are needed is necessary.

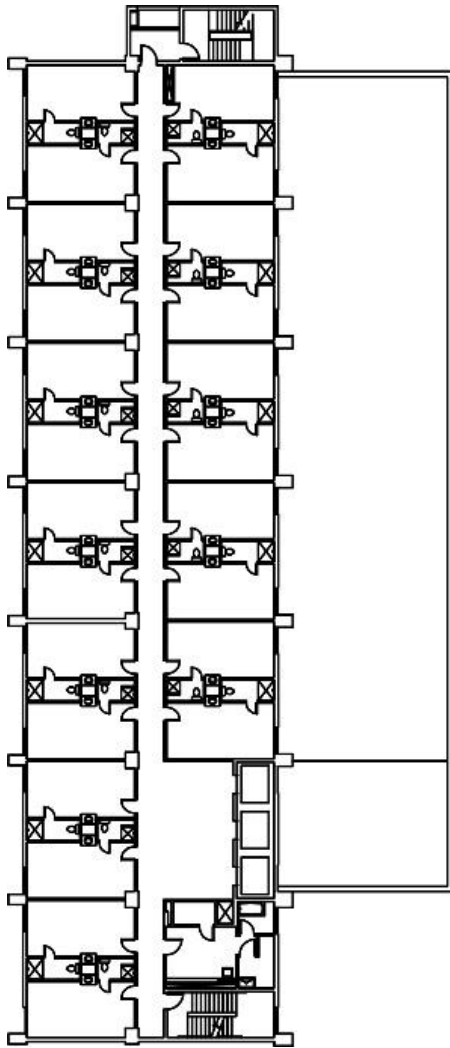
Significant damage to the exterior envelope including the vertical enclosure and roof require remediation.

Leaks within the plumbing system, HVAC system does not meet ASHRAE

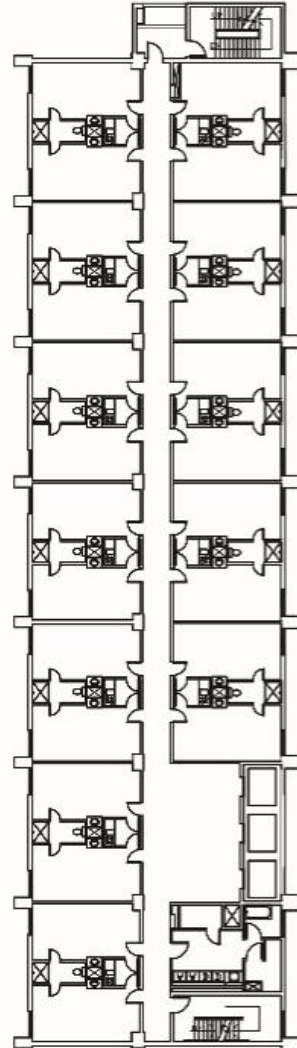
Electrical panel boards are beyond their useful life.



ONDINE FLOOR PLANS



Ondine Typical Floor 3-6



Ondine Typical Floor 7-15

PARKWAY

Parkway is a historic brownstone building centrally located on the northern edge of campus, adjacent the Park Blocks. It is a U-shaped facility and houses a mix of apartment and sleeper unit types.

Parkway is primarily populated with non-first year students.

FACILITY INFORMATION

Construction Date:	1932
Building Area:	40,500 GSF
Number of Floors:	5
Capacity (Units/Beds):	54 / 54
% Overall Inventory, (Units/Beds);	4% / 2.4%
Occupancy:	13 Traditional Singles 41 Apts - Singles



POSITIVES

Parkway is an aged structure and has historic characteristics that may be desirable to some students.

AREAS OF SIGNIFICANT CONCERN

Originally designed as a residential apartment, the building layout is not optimal for students and lacks social spaces and study areas.

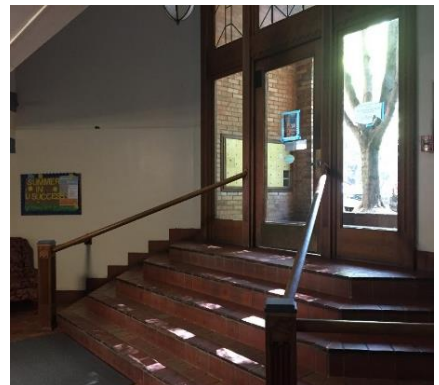
Significant ADA / Accessibility concerns.

Elevator has been decommissioned.

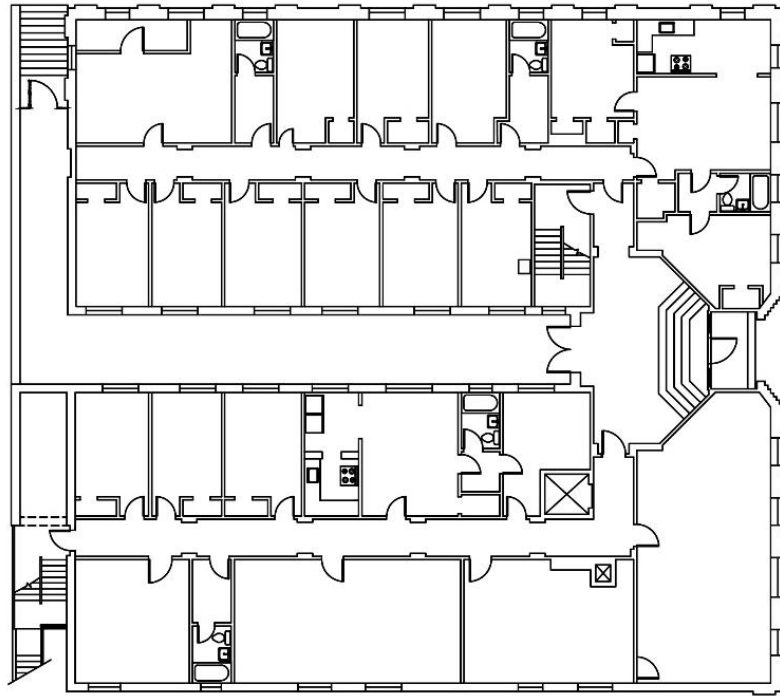
Extent of seismic upgrades is undetermined and must be assessed.

Domestic water piping is galvanized steel and very corroded. Due to age of piping, lead may be an issue.

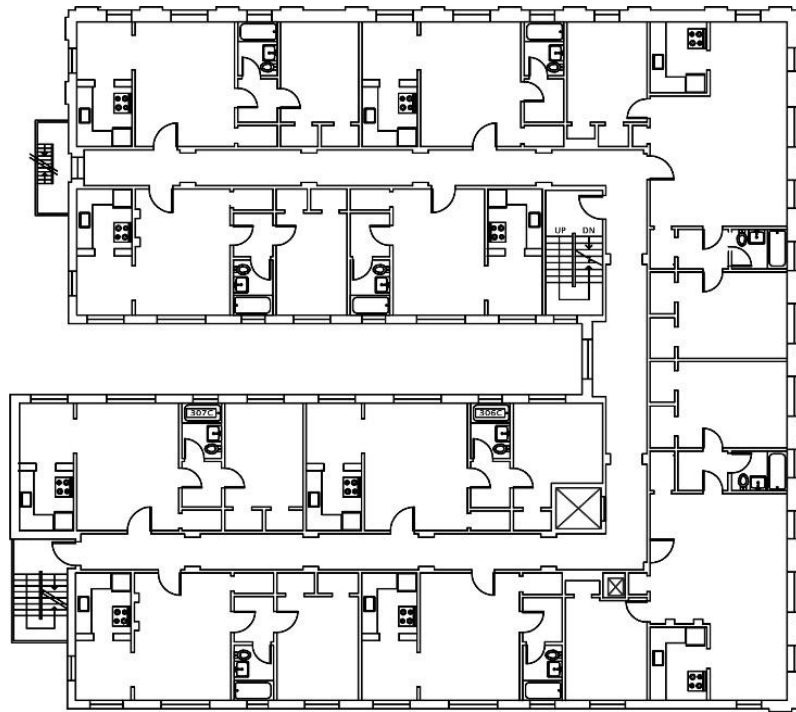
Interior finishes show significant damage and wear



PARKWAY FLOOR PLANS



Parkway Ground Floor



Parkway Typical Residential Floor

STEPHEN EPLER

Stephen Epler is a rectangular building located on the western edge of the PSU campus. Although primarily a residence hall, Epler's first floor houses classrooms, office space, and child care.

Stephen Epler is primarily populated with non-first year students. The Urban Honors Living Learning Community is on the top two floors.

FACILITY INFORMATION

Construction Date:	2003
Building Area:	61,174 GSF
Number of Floors:	6
Capacity (Units/Beds):	130 / 230
% Overall Inventory, (Units/Beds):	9.6% / 10.4%
Occupancy:	30 Apts - Single 100 Apts - Double



POSITIVES

Overall, Epler is in relatively good condition and operates as single and double studio apartments.

Student rooms have desirable window sizes and provide significant daylight.

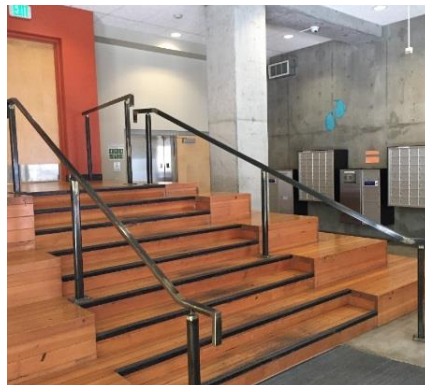
AREAS OF SIGNIFICANT CONCERN

Ground floor forum stair is not effective and takes up space that could be dedicated to student lounge or study.

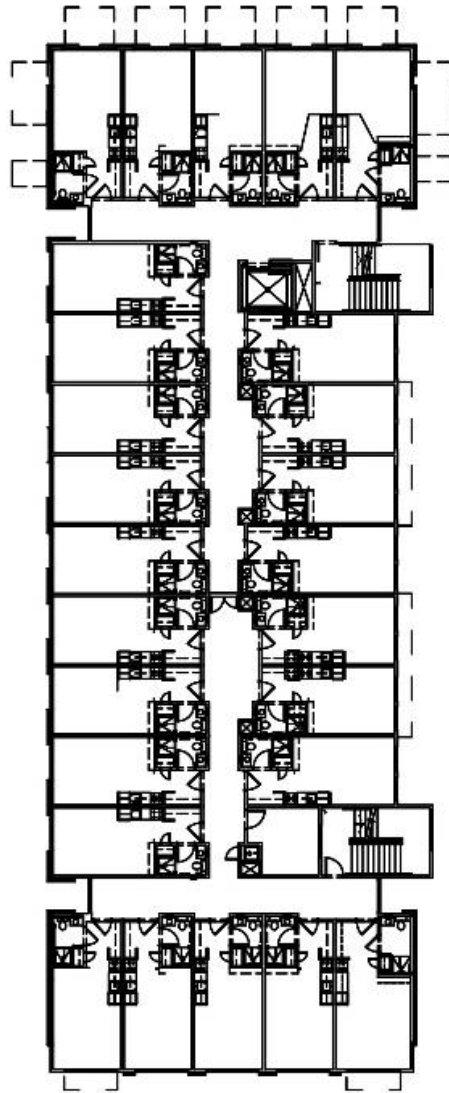
The upper residential floors lack social spaces and study areas.

Interior finishes show minor damage and wear.

Leakage issues with the vertical enclosure.



STEPHEN EPLER FLOOR PLANS



Stephen Epler Typical Residential Floors

SAINT HELENS

Saint Helens is a five-story building on the West side of campus. A 2018 renovation has upgraded all aspects of the building, including bathrooms, kitchens, and common areas.

Saint Helens is reserved for Second Year students and priority is given to students moving from PSU's First Year Experience Program.

FACILITY INFORMATION

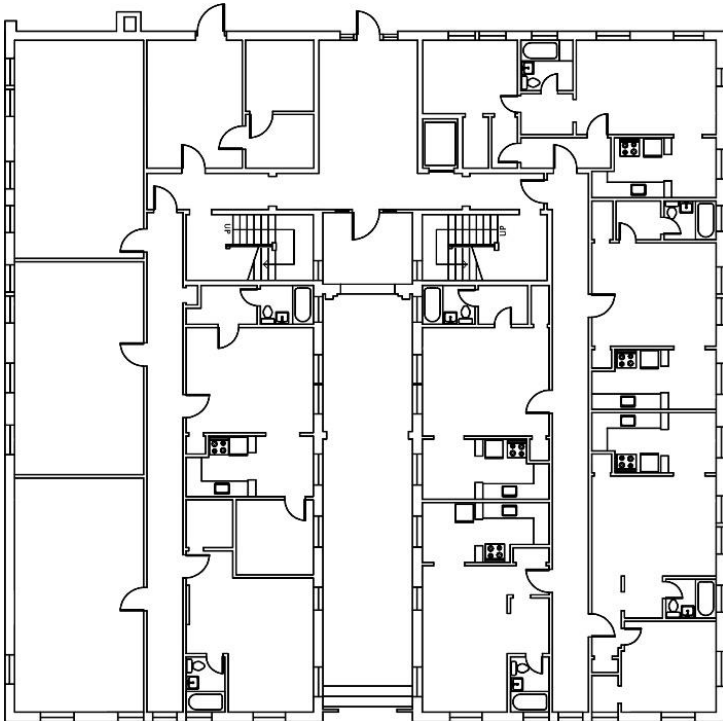
Construction Date:	1928
Building Area:	36,280 GSF
Number of Floors:	5
Capacity (Units/Beds):	51 / 51
% Overall Inventory, (Units/Beds):	3.8% / 2.3%
Occupancy:	51 Apts - Single



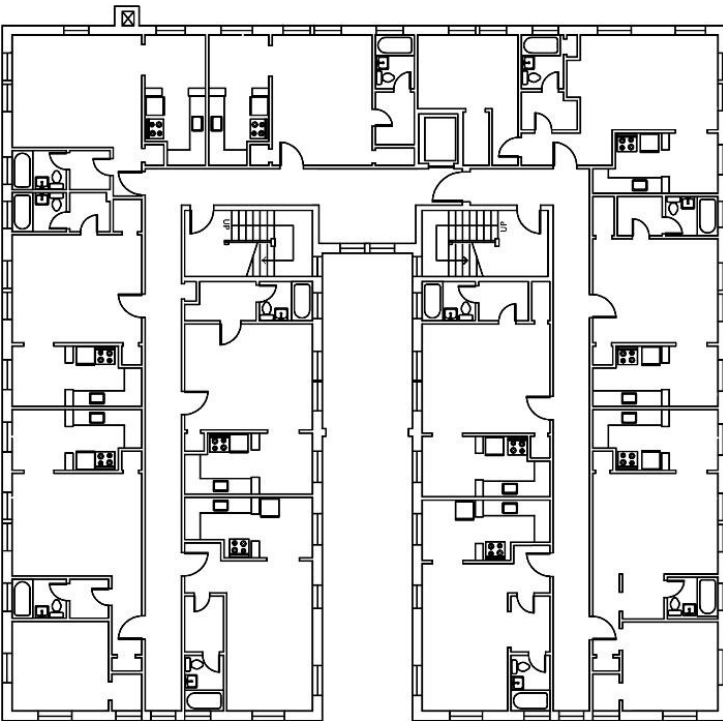
Saint Helens was under construction while the assessment was conducted and has not been included in Mahlum's assessment. Floor plans have been included here for reference.



SAINT HELENS FLOOR PLANS



Saint Helens Ground Floor



Saint Helens Typical Upper Floors

STRATEGIC ASSET VALUE (“SAV”) ANALYSIS

STRATEGIC FRAMEWORK

B&D and Portland State University worked together to determine the strategic framework and key questions to be answered within the Plan. The following is a list of the key areas where the Student Housing Master Plan focused its best efforts:

1. **What is the overall demand for housing at Portland State University?**
 - How does overall demand impact the existing housing supply?
 - What impact does University Pointe have on student housing demand?
2. **What is the appropriate unit type(s) and target market for new student housing?**
 - How should students be assigned to residence halls across all class levels?
3. **How does the University develop an actionable plan to address deferred maintenance concerns and cost implications?**

The intention of the SAV session was not to modify Portland State University’s mission or introduce new values but instead to facilitate a diverse stakeholder discussion, create criteria that allow for innovative solutions and streamlined decision-making, and to ground objectives in PSU’s ideals to ensure consistency and mission alignment. In order to ensure proper mission, vision, and value alignment in the SAV, the Project Team utilized a set of high-level strategic framework themes to help guide the discussion while always considering the University’s current values as a starting point for how the Project should be approached. The following were the four primary themes used in the SAV session (Figure 22):

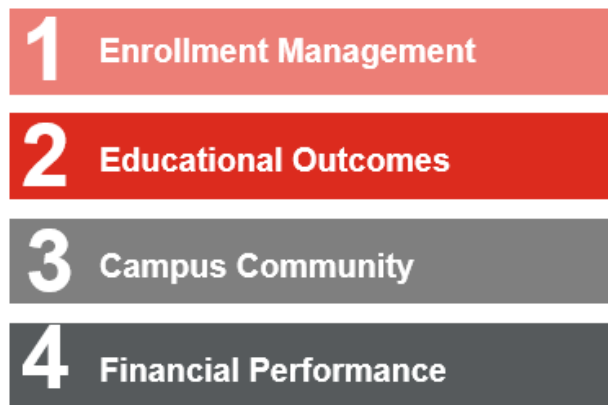


FIGURE 22: B&D SAV Session Strategic Framework

The Housing Master Plan should serve as an opportunity to expand the influence student housing provides in helping the University execute its mission and vision. It was identified within the SAV session that student housing will seek to expand the types of offerings available to students to support growth and diversity of the student body. Offerings within student housing should be modern, affordable, equitable, and continue to support academic success.

ENROLLMENT MANAGEMENT

Housing enhancements should be carefully addressed with a focus on improving the academic success and retention of students. Although the recruitment of high achieving students is of importance, the focus through housing is to improve the University's retention of existing students by offering the appropriate resources and unit types at an affordable price. Thus, living experiences should have a particular emphasis on serving the first year experience (FYE), second year experience (SYE), and transfer year housing where retention is the most critical. Other retention efforts for consideration should also be with how housing addresses any specific needs or desired experiences and resources from smaller populations, such as students who are non-traditionally aged, ethnically diverse, considered first-generation students, former foster youth, and international students.

Recent goals to expand the international population may require that preferences align with ways to attract and immerse international students at PSU through specific amenities and unit types. These spaces should be designed to build and support diverse communities, such as traditional and suite-style rooms with communal floor kitchens and social lounge spaces, access to culturally diverse food offerings in PSU dining facilities, and practical resources that assist with their transition into an American university.

EDUCATIONAL OUTCOMES

There have been remarkable successes with the *University Success* program located within Ondine and King Albert residence halls. Similar to enrollment management, student housing will focus its educational outcomes to serve the large goal of retaining students and helping them graduate. However, the current locations have limited the service of the academic support program due to the growth in popularity among students. Continuing to expand upon the reputation and accomplishments of the *University Success* program for all students in the residence halls it is critical on a programmatic level, through financial support, and spatially with an expansion or renovation. For example, when considering non-revenue generating and social spaces, classroom space for Living Learning Communities (LLCs) and other academic related spaces should be prioritized. Ensuring that an academic spaces are implemented into the design or renovation of residence halls will not only allow for expansion opportunities, but also increase the physical space in an equitable manner on both the east and west sides of campus.

CAMPUS COMMUNITY

Any new facilities or renovations to existing residential buildings should consider the urban nature of the campus and provide opportunities for a variety of overlapping uses from retail, academic, social, and residential spaces. A more substantial dining venue should be developed on the east side of campus to support students with meal plans. A new dining venue can be located within a residence hall, as a stand-alone facility, or within an expanded Smith Memorial Student Union.

Strengthening the safety and security of those facilities is of highest priority through distinct entrances and exits, proper scheduling of the building, and 24-hour security presence for checking in and out of the residential area. Furthermore, connection to surrounding buildings and other student life amenities will help to integrate sections of the east and west sides of campus into residential neighborhoods. The development of neighborhoods within the dense urban fabric will support the pursuit of safety and security through organic forms of surveillance while still allowing for a porous campus unique to PSU. Lastly, residential buildings should also be open to allow non-PSU affiliated users to feel welcome and support revenue-generating opportunities while still designing a clear separation for residential and academic uses by those affiliated with PSU.

FINANCIAL PERFORMANCE

Maintain conservative operational expectations to keep campus housing rental rates affordable to students. Affordability should be measured by maintaining rates below market value for comparable non-luxury apartments within the downtown area that students would most likely live in. Financial performance will also be evaluated by maintaining operations at a sustainable level while still allowing room for growth of personnel and non-personnel costs to support enhancements to housing. Lastly, financial performance will also be dependent upon creating an actionable plan to address deferred maintenance concerns or evaluating the need to remove an existing residence hall.

REVIEW OF LOCAL MARKET OFFERINGS AND PEER INSTITUTIONS – TASK 3

OFF-CAMPUS HOUSING MARKET ANALYSIS

OVERVIEW

B&D examined the local off-campus housing market in Portland, Oregon to understand how competitive on-campus housing is within the private rental market. To complete this analysis B&D utilized comparable property market data generated from CoStar, as well as information from the City of Portland. The project team also analyzed the census data and current apartment listings within the city boundaries of Portland to identify the marketing strategies and campaigns to attract students. There are several hundred multi-family apartment complexes within a 5-7 miles radius of PSU. A number of the multifamily structures date back to the early 1900's and represent the style and character of housing from Portland's industrial history.

HOUSING MARKET OVERVIEW

Portland, Oregon is the largest city in the state of Oregon and the county seat of Multnomah. With an estimated population of 647,805, Portland is the 2nd largest city in the Pacific Northwest, which has experienced an influx in population and multi-family development over the past decade as housing costs in northern California and neighboring Seattle, WA increase. Approximately 54% of the housing units are owner-occupied with an average mortgage of \$1,838. For renters, the median gross rent reported on the 2013-17 census is \$1,109.

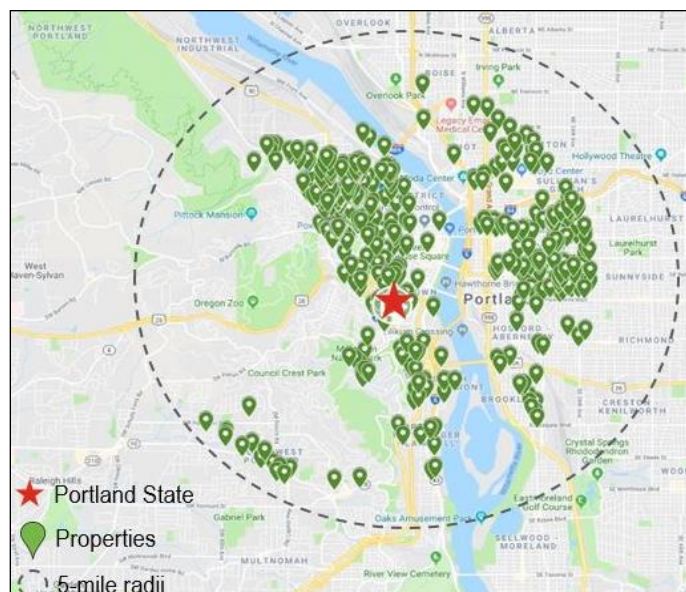


FIGURE 23: Map of Off-Campus Housing Properties Assessed in Portland (by CoStar)

The off-campus market analysis found a market that favored and targeted students due to the incentives, lease structures, and rooming policies that benefitted student experiences in market rate – non student-purpose built housing.

Using CoStar analytics, B&D surveyed 461 multifamily properties comprising 24,426 units within the city of Portland, Oregon. This analytics tool allowed B&D to determine available options presented to students in a 5-mile radius of campus. PSU's location positions students in a competitive market geared towards urban professionals but it was important to ensure this analysis only reviewed properties that were within a reasonable price point. Additionally, properties that were evaluated for those potentially looking at options that single and double. Luxury apartment properties were excluded from this Analysis to reveal a more accurate picture of the market students are encountering during their rental search. The average vacancy rate for the surveyed properties (excluding luxury apartments) was 6% showing a fairly available housing stock compared to tightening vacancy rates in other urban regions.

Overall, the average per bedroom monthly rental rate (single configuration) in the market was \$1,180 (excluding utilities). Three-bedroom apartments were the most inexpensive unit type offered on a per-bedroom basis at an average of \$959 per month. Anecdotally, and in accordance with the student survey responses, students who choose to live in downtown Portland properties are sharing a bedroom to reduce the cost burden while still taking advantage of the proximity to campus. The most expensive rates offered were for one-bedroom apartment units, with an average per-bedroom rate of \$1,492. Specific unit type average rates for a studio, one-, two-, and three-bedroom apartment units were \$1,173, \$1,492, \$2,190, and \$2,879 respectively (Figure 24).

Properties Overview		
Surveyed Properties	461	
Number of Units	24,426	
Average Rental Rate per Unit	\$1,570	
Studio	\$1,173	\$1,173 per bedroom
1-Bedroom	\$1,492	\$1,492 per bedroom
2-Bedroom	\$2,190	\$1,095 per bedroom
3-Bedroom	\$2,879	\$959 per bedroom
Average Vacancy	6%	

FIGURE 24: Average Off-Campus Rental Rates by Unit Type

When compared with survey data, respondents indicated paying an average of \$718 per bedroom per month for a single bedroom and \$585 per bedroom per month for a double configuration room at the lower end of the market. In B&D's experience, students' self-reported rates are usually lower than the off-campus market analysis rates for a variety reasons, which include but are not limited to, underestimation of their exact rate, selection of a unit on the lower end of the rental rate spectrum, or the respondent's living distance is outside of the radius used in the analysis.

According to the student survey, 29% of students indicated that they share a bedroom with one or more students to lessen their financial burden. These rates are likely a representation of the costs students could also be experiencing outside of the 5-mile radius to further lessen the rental cost burden. Particularly, students that commute by public transit (46%) at an average of 27 minutes commute further distances to find affordable

housing options. Additionally, from the survey, 45% of students reported that it was “very challenging” or “challenging” to secure housing while attending PSU. The fall term and in between terms were identified as the most difficult times to find housing.

STUDENT-FOCUSED HOUSING

Utilizing a combination of data provided by the City of Portland and CoStar, information was found related to five (5) student-focused properties in the off-campus market (Figure 25): University Pointe, MW8, ArtHouse, and College Housing Northwest properties (Goose Hollow and University District). These five properties made up approximately 758 units near the PSU campus. Unique to student-focused housing, rental rates are traditionally offered to residents on a per-bed contract or individual lease, specifically at University Pointe and MW8. In contrast, the remaining three properties, Arthouse and those managed by College Housing Northwest, offered rates on a per-unit basis. When looking at all five properties, the average rental rate per person for a studio, one-, two-, three-, and four-bedroom was \$1,157, \$1,378, \$765, \$1,195, and \$624, respectively. There was a significant variance in rates but the greatest value to students within this sub-market were two- and four-bedroom apartments. Only two properties offered 3-bedroom apartments in the market, MW8 and Arthouse, but were also the options that provided the least value to students when examining the rate and number of residents sharing the unit.

Further, in the fall of 2019 a new property (The Amy) will open supplying the student-focused market with 141 additional units and will be operated by College Housing Northwest. Due to the opening of the property after the finalization of this Housing Master Plan, The Amy was excluded from the list of properties and rental rate analysis above. When considering The Amy, the combined unit count of student-focused housing near PSU will become approximately 899. In 2013, University Pointe, which is an affiliated property privately owned and operated by American Campus Communities (ACC), opened with 282 units. These units are not included within the overall off-campus unit count but were included in the student-focused housing analysis because of the University’s contractual relationship to the project and the site’s proximity to the PSU campus.

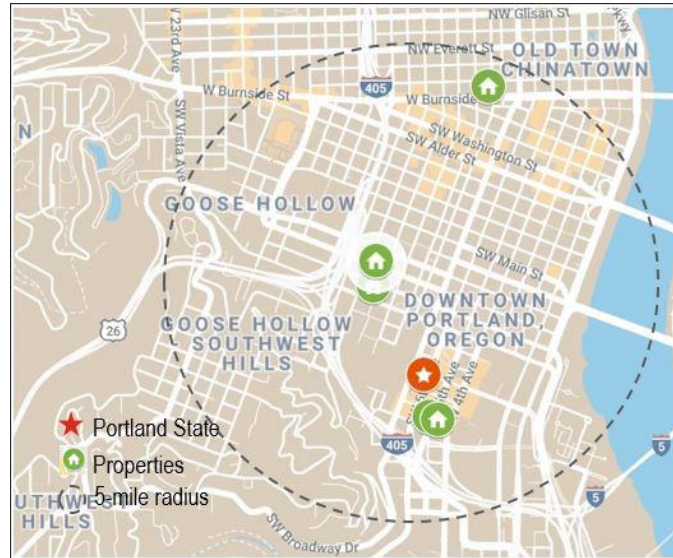


FIGURE 25: Student-Focused Housing Properties within 5 miles

FUTURE HOUSING DEVELOPMENTS

According to data provided by the City of Portland and other listings within CoStar, there are approximately 1,278 units under construction (874) or being proposed (404) in the off-campus market (Figure 26). The new projects are located an average of 2.25 miles from the Portland State campus and include a mix of low, mid, and high-rise multi-unit apartments. Of the 874 units scheduled to open in 2019 or early 2020, only one was considered student-focused (The Amy) which was included separately within the Student-Focused Housing section. Many other projects outside of the researched area are also considered market-rate housing with a market focused on higher-end renters for luxury condominiums and apartments.



FIGURE 26: Future Housing Developments within 5 miles

PEER BENCHMARK ANALYSIS

OVERVIEW

B&D conducted an analysis of select peer institutions identified by Portland State University's institutional research department and University Housing and Residence Life office. This analysis was conducted to profile student housing for each of the surveyed schools and identify commonalities, as well as differences, among other urban institutions across the country. It was B&D's intent to evaluate Portland's competitive position against other institutions and identify opportunities for improvement or additions to its existing residential facilities. The information collected yielded a thorough understanding of Portland's current offerings compared to other universities in the higher education market. Ultimately, this information helped the Project Team understand ways Portland State may seek to improve student recruitment, retention, and its program through on-campus student housing.

METHODOLOGY

It was determined that five peer institutions best met the selected criteria such as quality of residential hall facilities, enrollment profiles, current competitor or aspirant institution, and urban location. The following list of five institutions that were assessed in this analysis were determined to be most applicable to Portland State:

- ◆ San Diego State University
- ◆ University of Houston – Main Campus
- ◆ University of Massachusetts – Amherst
- ◆ Rutgers University – Newark
- ◆ University of Illinois at Chicago

The data were collected primarily using the institutions' websites and through phone discussions with university staff / administrators. Secondary sources included data from internal research previously conducted by B&D.

Unless otherwise noted, primary statistics and data were gathered for the academic year 2017-2018 based on the information available during the time of this Analysis.

SUMMARY OF FINDINGS

General Characteristics

The selected peer institutions are located throughout the country within the states of California, Texas, Massachusetts, New Jersey, and Illinois, respectively. Portland State has a total enrollment size of 27,305 students, which is 9% lower than the peer average of 27,983 students. Enrollment populations among the peer institutions ranged from 12,768 (Rutgers University – Newark in New Jersey) to as high as 46,324 (The University of Houston in Texas).

University	Affiliation	Enrollment	Location
<i>Portland State University</i>	<i>Public</i>	<i>27,305</i>	<i>Portland</i>
San Diego State University	Public	34,828	San Diego
University of Houston	Public	45,364	Houston
University of Massachusetts	Public	16,415	Amherst
Rutgers University - Newark	Public	12,768	Newark
University of Illinois at Chicago	Public	30,539	Chicago
Peer Average:		27,983	
Variance from PSU:		-678	

FIGURE 27: Overview of Peer Benchmarking Institutions

Demographics

Sixty-one percent (61%) of PSU’s total enrollment is full-time. On average, full-time students make up 78% of total enrollment at peer / competitor institutions. Typically, traditional full-time students are more likely to live in University housing, use on-campus resources, and participate in on-campus activities than part-time students. It is important to note that The University of Massachusetts – Amherst built their first on-campus residence hall in 2017. PSU’s out-of-state population is 10% higher than the average out-of-state population among the selected peer institutions of 6%. At 16% of the total enrollment, a majority of PSU’s out-of-state population comes from southern Washington and northern California.

	In-State		Out-of-State		International	
<i>Portland State University</i>	<i>77%</i>	<i>21,043</i>	<i>16%</i>	<i>4,316</i>	<i>7%</i>	<i>1,946</i>
San Diego State University	87%	30,271	7%	2,556	6%	2,001
University of Houston	89%	40,337	3%	1,162	9%	3,865
University of Massachusetts	80%	13,117	8%	1,308	12%	1,990
Rutgers University - Newark	85%	10,875	5%	582	10%	1,311
University of Illinois at Chicago	82%	24,890	7%	2,132	12%	3,517

FIGURE 28: Breakdown of Enrollment by Residency Status at Peer Institutions

Utilizing information from the Common Data Set of each campus (2017-2018 academic year), Portland State’s in-state tuition ranked third highest among its public peer institutions while its out-of-state tuition ranked second highest. Overall, Portland’s tuition is aligned with peer institutions; its in-state tuition is 31% lower than the most expensive college for in-state tuition and 4% less than the most expensive university in this analysis for out-of-state tuition. However, at \$10,428 annually, PSU’s average room and board costs are 12% lower than the average of the selected peers and the third highest of the peers. It is also important to note that while PSU’s housing costs appear high, if adjusted for cost of living in the various cities, the ranking would shift Portland’s position lower. On average, the total cost to attend PSU is \$19,533 for in-state and \$37,488 for out-of-state tuition,

which is 18% less expensive and 5% more expense than its peers' in-state and out-of-state costs of attendance, respectively.

University	Tuition + Fees		Room & Board	Total Cost	
	In-State	Out-of-State		In-State	Out-of-State
Portland State University	\$9,105	\$27,060	\$10,428	\$19,533	\$37,488
San Diego State University	\$7,448	\$19,328	\$16,735	\$24,183	\$36,063
University of Houston	\$8,913	\$21,273	\$9,830	\$18,743	\$31,103
University of Massachusetts	\$7,706	\$16,739	\$7,068	\$14,774	\$23,807
Rutgers University - Newark	\$11,886	\$28,194	\$13,536	\$25,422	\$41,730
University of Illinois at Chicago	\$10,584	\$23,440	\$10,960	\$21,544	\$34,400
Peer Average:	9,307	21,795	\$11,626	\$20,933	\$33,421
Variance from PSU:	-202	5,265	-\$1,198	-\$1,400	\$4,068

FIGURE 29: Breakdown of 2017-2018 Average Tuition, Fees, & Housing Cost at Peer Institutions

Housing Rental Rate Structures

The Project Team conducted a more thorough analysis of the current (2018-2019 academic year) room costs. The analysis of rental rates was completed on a unit-type basis to determine the competitiveness of Portland State among its peers. The existing conditions analysis revealed that PSU housing offers a pricing structure that breaks out into a variety of considerations. For instance, pricing varies by furnished or unfurnished rooms, units within a historic or modern building, and by unit size or square footage (to which additional stratification into five class types is also implemented).

Among peer institutions, there was some uniformity in the rental rates by offering furnished units; however, some additional stratification among peers by buildings (i.e., age of the residence hall) was also common. For instance, peers like Rutgers-Newark and UIC provided lower rates for students living in older buildings similar to how PSU operates. In the specific case of Rutgers-Newark, a mid-size urban institution in Newark, NJ, has a mixture of new buildings and older stock, some of which are converted historic structures inherited by the university. Renovations to those facilities required an increase in rental rates for that residence hall. SDSU has also made significant renovations to many of their traditional residence halls known as the “red bricks.” No indication of stratification of rental rates by class type for the size of the units was determined among peers.

Housing Rate Comparison

As previously mentioned, rental rates mostly varied based on the unit type configurations and whether the halls were renovated or newly developed. The universities with the highest room rates included San Diego State, UMASS Amherst, and University of Illinois Chicago primarily because of the associated costs of living in a downtown urban setting (i.e., UMASS Amherst and UIC) or the impacts from the cost of construction on recent renovations and newly developed residence halls at SDSU. University of Houston was the most comparable of the peer institutions with suite-style and apartment room rates averaging about 25% higher than PSU.

PSU was the lowest in terms of rental rates for all unit types when compared to peer institutions. When evaluating the cost of rental rates and meal plans combined, PSU was approximately \$3,000 less expensive on an annual

basis than its peers for traditional, semi-suite, and full-suite units. PSU was the most comparable with its peers for apartment-style housing with only a \$17 variance (Figure 30). The larger discrepancies between costs from what is offered at peer schools and PSU is likely due to historically low yearly rental rate increases established many years ago by Portland State that have continued to keep costs lower for its students and within the overall university market. In addition, no recent major renovations or new construction projects have justified significant increases in rental rates, whereas many peers have recently completed projects or are in the process of funding future projects through system-wide room rate increases. The most recent renovation project for St. Helens is being funded through reserve contributions, which re-emphasizes the goal from Housing & Residence Life to maintain its affordability of on-campus living for PSU students.

Average Cost of Unit Types				
University	Traditional	Semi-Suite	Full-Suite	Apartment Style
Portland State University ¹	\$4,673	\$6,293	\$6,293	\$8,994
Dining Plan*	\$1,423	\$1,423	\$1,423	NA
PSU Room + Dining Plan	\$6,096	\$7,716	\$7,716	\$8,994
San Diego State University	\$14,789	\$15,114	\$15,114	\$8,075
University of Houston	\$6,766	\$6,390	\$8,086	\$8,075
UMASS - Amherst	\$9,479	-	-	-
University of Illinois - Chicago	\$8,033	\$8,368	\$9,686	\$10,881
Peer Room+Dining Plan Averages¹	\$9,767	\$9,957	\$10,962	\$9,010
Variance (\$)	-\$3,671	-\$2,242	-\$3,247	-\$17
Variance (%)	-38%	-23%	-30%	0%

¹For comparison purposes, average room rates include single, double, & triple occupancies

*Dining Plans are only required for first year students in First Year Experience

FIGURE 30: Comparison of Average Unit Type Costs – PSU vs. Peer Institutions (2018-2019)

Using PSU’s existing rate for traditional units and the meal plan required for FYE residents, rates were evaluated and compared between PSU and its peers at Years 5, 10, and 15. For the comparison, peer rates utilized a standard 3% annual rental rate increase common within the industry while PSU rates were projected with increases modeled from Option A of this master plan. As seen in Figure 30, if Option A was implemented with increases of 10% (Year 1-5), 4% (Years 6-10), and 3% (Years 11-15), PSU room rates still remain lower overall through by approximately \$1,500.

This analysis further supports the opportunity for PSU to consider increasing housing rates while maintaining a competitive edge against select peer institutions. It is worth noting that since only one-third of the residential population is actually required to have a meal plan while the remaining are given the option, Options A-E become increasingly more competitive in comparison to PSU peers.

Average Cost of Traditional Unit Type with Projected Annual Rate Increase				
University	Traditional	Traditional	Traditional	Traditional
	Current	Year 5 (10%)	Year 10 (4%)	Year 15 (3%)
PSU Room Rate - Option A	\$4,673	\$7,525	\$9,155	\$10,614
Dining Plan*	\$1,423	\$1,650	\$1,912	\$2,217
PSU - Room + Dining Plan (Option A)	\$6,096	\$9,175	\$11,068	\$12,831
San Diego State University**	\$11,561	\$13,402	\$15,537	\$18,012
University of Houston **	\$6,766	\$7,844	\$9,093	\$10,541
UMASS - Amherst **	\$9,479	\$10,989	\$12,739	\$14,768
University of Illinois - Chicago **	\$8,033	\$9,312	\$10,795	\$12,514
Peer - Room + Dining Averages	\$8,960	\$10,387	\$12,041	\$13,959
Variance (Option A)	-\$2,864	-\$1,212	-\$973	-\$1,128
Variance (Option A)	-47%	-13%	-9%	-9%

*Assumes a 3% annual percentage increase for dining based on industry standards

** Assumes a 3% annual increase in perpetuity based on industry standards

FIGURE 31: Comparison of Traditional Unit Costs (Options A & E vs. Standard Peer Annual Rate Increases)

Housing Program

An analysis of the current number of beds by unit types was also implemented during the master plan to gauge the size of offerings among peers in similar urban locations. Overall, SDSU provides the greatest number of on-campus residential units at approximately 8,300 beds or 24% of the total enrollment. Although still primarily a school with commuter students traveling from various parts of San Diego County, SDSU has made significant strides in transforming itself into a residential campus with the recent implementation of a 2-year live-on requirement and additional recruitment of out-of-state and international students.

University of Houston was the second institution with the largest number of beds at approximately 7,200 beds or 16% of the total enrollment. While the University of Houston has not instituted a live-on requirement, 44% of their first-time freshmen live in on-campus or campus affiliated housing in 2018. Further, the campus has reinvested in the residential facilities and built two new residential halls in the last decade spurring greater interest in on-campus housing.

Similarly, Rutgers University – Newark recently acquired an apartment complex for their graduate students, which has diversified the on-campus student population. UMASS Amherst just recently developed their first residential facility; so although small in its total on-campus population compared to other universities in this Analysis, the program is developing to offer a more traditional campus experience.

School	Live on Requirement	1st Yr. Capture Rate	Total Beds	Bed Capacity	Avg. Bldg. Age
Portland State University	No	35%	2,219	10%	59
San Diego State University	2 Yr.	62%	5,063	15%	21
University of Houston - Main Campus	No.	44%	7,210	16%	22
UMASS Amherst	No.	7%	1,077	7%	1
Rutgers University – Newark	No.	66%	2,019	16%	18
University of Illinois at Chicago	No.	33%	3,487	11%	26
Average		42%	3,771	13%	18
Variance		-7%	1,552	3%	41

FIGURE 32: Breakdown of Live-on Requirements, Capture Rates, Bed Counts, and Facility Age at Peer Institutions

As the newest university (1946) with a recently established residential life and housing program, PSU has the oldest residential housing stock among the selected peers at 59 years as well as a first year capture rate of 35%. The capture rate may differ from our Demand Analysis which accounts for a total enrolled campus population which excludes those at satellite campuses or taking on-line courses. Housing facilities range from pre-war apartment buildings to brutalist designs. The residence halls also appeal to non-traditional students more than peer institutions due to the flexible rental rate options. Lastly, the average age of a residence hall within the selected group was 18 years, which is a 41-year difference when compared to the age of the facilities at Portland State University. The age, as was determined with B&D’s Financial Analysis, is a major factor in deferred maintenance issues and the need for major capital projects to significantly renovate or demolish some existing buildings at PSU.

Finally, our peer benchmarking analysis also reviewed freshman retention rates between PSU and its peers. As a comparison, PSU’s 2017 freshman retention rate was 71%, which was 13% lower than its benchmarked institutions. San Diego State University (89%) and University of Houston (85%) had the highest retention rates while Rutgers University – Newark (84%), University of Illinois – Chicago (80%), and University of Massachusetts (78%) retained the fewest freshmen from the previous year among the peer group.

REVIEW OF ALTERNATIVES – TASK 4

FINANCIAL ANALYSIS

OVERVIEW

In order to understand the financial feasibility of developing new or renovating existing student housing at PSU, B&D developed a financial model to test five project planning options. Several factors within each option may impact the actual performance of the project; therefore, the model was developed to test multiple scenarios and includes several sensitivity analyses to test the project concepts.

The financial analysis includes a thirty-year pro forma showing all revenues, expenses, net operating income, debt service payments, reserves, and net activity. The base model assumes the University would pursue the project primarily through a traditional self-financing method.

METHODOLOGY

The operating assumptions and project capital costs for renovation and new construction were based upon Portland State's existing operating budget information. Viability was measured by projecting necessary system-wide increases to yearly rental revenue to ensure net activity across the pro forma was positive or even.

A full copy of the detailed financial model with revenue, expense, and development budget assumptions can be found in Exhibit E of this report.

OPERATING EXPENSES

Utilities and personnel costs identified in this analysis were provided by the University from existing figures such as 2017-2018 actuals and 2018-2019 budget estimates. Personnel costs include salaries and benefits for professional staff, student staff, maintenance, and custodial. Given that no major increase in bed counts would occur in most of the options, the model assumes that no other major changes would occur to existing professional staff members. However, it is anticipated that student staff and resident assistants would need to be accounted for within the financial modeling exercises due to the increase in FYE and SYE programs. As a baseline within the model, the Project Team developed a pro forma at a total expense amount of approximately \$27.6 million (including transfer out) for 2018-2019 budget in Year 1 and projected to increase yearly by 2% (Year 5 - \$29.8 million). In addition, PSU housing currently holds approximately \$3.5 - \$4.0 million in debt service each year. These numbers will continue to be refined as programs for future construction projects are further defined and as the University continues to accurately project potential expenses for future operations.

REVENUE ASSUMPTIONS

Revenues for housing were derived primarily from room rentals during the academic year and summer rental rates. Yearly revenues were also present from internal sales, sales & services, and board fees. In total, the Project Team utilized as a baseline for total revenues within PSU's housing portfolio at approximately \$33.6 million in Year 1 (including transfer in) and projected to increase to \$37.5 million in Year 5 with historical rate increases. Existing single, double, triple and quad rental rates (2018-2019) were used in this analysis to maintain consistency at the University's current pricing structure with a 5% yearly escalation rate for subsequent years.

All unit and occupancy types were assumed to offer an academic year lease. The baseline model assumes a 95% occupancy starting year one and beyond. Rental rates reflected in the financial model are per academic year per person and include basic utilities, cable, high-speed Internet access, and a fully furnished unit. B&D assumed a resident to RA ratio of 40:1 for suite-style housing and 30:1 for traditional / community-style units.

BASELINE SYSTEM PRO FORMA

With all of the assumptions in place, the baseline model from which all options were assessed, can be found summarized in the system-wide pro forma page within the financial model. Below is a representation of the financial health of PSU housing and residence life at its existing operation along with projected historical rate increases for revenues and expenses to Year 5. The pro forma was utilized to ensure adequate tracking of net operating income, debt service, reserve contribution amounts, and net activity.

Each concept development option (see Options A – E in the following section) provides its own set of circumstances and impacts to the baseline pro forma. Each new debt service for a project, whether a new build or a renovation to an existing hall also requires a specific rental rate increase across the entire housing system to maintain an appropriate net activity that will not impact the overall financial health of the University. Within the Project Team's financial analysis, we were able to determine what rental rate increases would be needed to provide the overall housing system with a positive net activity or minimal negative net activity that can be supported through additional transfers from reserves.

A full copy of the detailed financial model with the detailed pro forma can be found in Exhibit E of this report.

System Pro Forma	0	1	2	3	4	5
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Revenue Bed Supply	2,220	2,220	2,220	2,220	2,220	2,220
Hall Budget Revenues	0%	5%	5%	5%	5%	5%
Total Hall Revenue	\$18,225,000	\$18,961,000	\$19,733,000	\$20,543,000	\$21,392,000	\$22,281,000
Master Budget Revenues						
Total Remaining Revenue	\$14,487,000	\$14,632,000	\$14,778,000	\$14,926,000	\$15,075,000	\$15,225,000
Total Revenue	\$32,712,000	\$33,593,000	\$34,511,000	\$35,469,000	\$36,467,000	\$37,506,000
Personnel Expenses	0%	2%	2%	2%	2%	2%
Total Personnel Expenses	\$3,164,000	\$3,227,280	\$3,291,000	\$3,357,000	\$3,424,000	\$3,493,000
Hall Operating Expenses						
Total Hall Operating Expenses	\$8,290,000	\$8,437,000	\$8,584,000	\$8,736,000	\$8,890,000	\$9,049,000
Total Remaining Operating Expenses	\$15,598,000	\$15,910,000	\$16,228,000	\$16,553,000	\$16,884,000	\$17,222,000
Total Operating Expenses	\$27,052,000	\$27,574,280	\$28,103,000	\$28,646,000	\$29,198,000	\$29,764,000
Net Operating Income	\$5,660,000	\$6,018,720	\$6,408,000	\$6,823,000	\$7,269,000	\$7,742,000
Existing Debt Service	\$4,246,548	\$4,086,027	\$3,832,890	\$3,855,095	\$3,859,585	\$3,860,505
New Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$4,246,548	\$4,086,027	\$3,832,890	\$3,855,095	\$3,859,585	\$3,860,505
Reserve Contribution	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<i>Cumulative Reserves</i>	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000	\$6,000,000
New Total Debt & Reserves	\$5,246,548	\$5,086,027	\$4,832,890	\$4,855,095	\$4,859,585	\$4,860,505
Net Activity	\$413,000	\$933,000	\$1,575,000	\$1,968,000	\$2,409,000	\$2,881,000

FIGURE 33: Sample of Baseline System-wide Proforma (Years 1-5) at Historical Rate Increases

PROJECT ECONOMICS

In order to understand the financial feasibility of developing new or renovating existing facilities, B&D utilized cost per square foot numbers seen in the regional construction market. Assumptions for renovations were provided in this Analysis by light, minor, and major renovations along with the cost per square foot for new construction (Figure 34).

Capital Cost Assumptions				
Project Type:	Light Renovation	Minor Renovation	Major Renovation	New Construction
Hard Cost per SF (includes enclosed building, demolition, excavation & site preparation, site utilities & infrastructure, landscaping)	\$90	\$155	\$220	\$400
Hard Cost %	80%	80%	75%	75%
Soft Cost per SF (includes A/E fees, testing/survey fees, project contingencies, project management fees, and FF&E)	\$22	\$38	\$74	\$135
Soft Cost %	20%	20%	25%	25%
Total Project Cost per SF:	\$112	\$193	\$294	\$535

FIGURE 34: Breakdown of Capital Cost Assumptions (Fall 2018)

After determining the total cost of renovating and building new, a list of potential projects was developed in collaboration with the steering committee. A list of potential projects for the next 10 years was developed on the basis of the strategic framework, which states that an actionable plan should be created to address residence halls with the greatest deferred maintenance concerns, as well as building new residence halls for FYE and SYE programs. Additionally, it was determined that renovations to Broadway, Epler, and Blumel Halls should be evaluated after 11 years because the facilities were still in good condition. A major renovation was determined to be the most necessary for Blackstone, King Albert, Montgomery, and Ondine Halls. A total of 800 new beds were also modeled in the financial analysis that would address residential spaces needed for FYE and SYE programs.

The Project Cost Comparison By Hall (Figure 35) outlines the total cost as well as provides additional metrics used by the Project Team. The metrics were used to show any cost-benefit of pursuing a renovation over a demolition of a hall, as well as the opportunity to build a new building. These projects were then translated into a variety of phased options within the financial model in collaboration with the steering committee to identify the best possible scenario for the University’s consideration in the next 10 years.

Project Cost Comparison By Hall

	Blackstone	King Albert	Montgomery	Ondine	New Hall I	New Hall II	Epler II
Beds	75	64	158	521	400	200	200
Renovated Beds	101	128	149	500	-	-	-
Area (GSF)	39,000	34,000	51,000	112,000	120,000	64,000	64,000
Renovation	Major	Major	Major	Major	New	New	New
Cost (\$2018)	\$11,500,000	\$10,000,000	\$15,000,000	\$32,900,000	\$64,200,000	\$34,240,000	\$34,240,000
Cost Per Bed	\$153,300	\$156,300	\$94,900	\$63,100	\$160,500	\$171,200	\$171,200
Cost Per Bed (Reno)	\$113,900	\$78,100	\$100,700	\$65,800	-	-	-
Debt Service	\$1,089,000	\$670,000	\$1,345,000	\$3,125,000	\$5,424,000	\$2,893,000	\$2,291,000
FY18 NOI	\$270,000	\$307,000	\$407,000	\$1,706,000			
Difference	(\$819,000)	(\$363,000)	(\$938,000)	(\$1,419,000)			

FIGURE 35: Project Cost Comparisons by Hall (Fall 2018)

Lastly, the financial model’s greatest flexibility is the opportunity to analyze the overall impact of a project (i.e., renovation, demolition, or new construction) to existing and future operations. The Hall Matrix page in the financial model allows the reader the ability to monitor the most important impacts all in one area, such as debt service, bed counts, and net activity. Below is a representation of one of the options considered in this Analysis (Option E), which illustrates how the model is able to “turn on” or “turn off” projects over a 10-year period and the subsequent impact of that decision. The Hall Matrix also allows the reader to determine what is the appropriate system-wide rental rate increase to produce a healthy net activity for the overall operations.

OPTION E Residence Hall	Housing Rate Increases (Years):										
	0	1	2	3	4	5	6	7	8	9	10
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Epler Hall	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line
Blumel	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line
King - Albert Hall	On-Line	On-Line	On-Line	On-Line	On-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line
St Helens	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line
Blackstone Hall	On-Line	On-Line	On-Line	On-Line	On-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line
Parkway Hall	On-Line	On-Line	On-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line
Montgomery Hall	On-Line	On-Line	On-Line	On-Line	Under Constru	Renovated	Renovated	Renovated	Renovated	Renovated	Renovated
Broadway Hall	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line
Ondine Hall	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	On-Line	Under Constru	Renovated	Renovated
400 Traditional / Community	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line
200 Suites	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line
Epler II	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line	Off-Line
Total Residence Hall GSF	657,922	657,922	657,922	618,972	618,972	545,896	545,896	545,896	545,896	545,896	545,896
Residence Hall Bed Capacity	2,220	2,220	2,220	2,166	2,002	2,031	2,031	2,031	1,510	2,031	2,031
Housing Net Activity	\$413,000	\$933,000	\$1,575,000	\$1,619,000	\$1,517,000	\$425,000	\$1,346,000	\$1,536,000	(\$116,000)	(\$1,836,000)	(\$357,000)
Debt Service	\$4,246,548	\$4,086,027	\$3,832,890	\$3,855,095	\$3,859,585	\$5,129,505	\$4,638,976	\$4,910,534	\$4,912,853	\$9,328,714	\$8,417,194

FIGURE 36: Sample Representation of Hall Matrix Page for Concept Development Option E

GENERAL DESIGN CONSIDERATIONS

The following text captures general design considerations that all design teams working with Portland State should consider in the context of housing projects. These considerations are based on discussions and conversations with Housing and Residence Life.

STUDENT LEADER RATIOS (RA, RAM, RD)

- ◆ First Year Experience – 1:30
- ◆ Second Year Experience – 1:45
- ◆ Resident Director – 1:200 Ideal Ratio

SAFETY

As design teams work to design safety into Residence Hall facilities, the following principles should be implemented.

- ◆ Single point of entry/exit, plus emergency exits. Entry should have card access.
- ◆ Camera surveillance at all points of entry and at interior stair and elevators.
- ◆ Card access at Elevator and entry to ground floor stairs.
- ◆ Residential entries shall be exclusive to residents. Residential access to locations such as dining is acceptable – residents should not have to exit the building to enter dining facilities.
- ◆ The ability for passive strategies such as residential programming should be designed into facilities.
- ◆ Residential Units generally should not be located on the ground floor.

STUDENT AMENITIES AND OPERATIONS

Student amenities and operations are critical to the success of any residence hall.

- ◆ Buildings should have 1 Kitchen/Lounge per floor
- ◆ Trash management must be considered. Currently in most buildings trash is taken down to a trash yard by students. Some buildings utilize a trash chute. Options should be considered specific to individual facility needs.
- ◆ Mail is currently delivered by building, except for packages which are picked up by students at Montgomery.
- ◆ Exterior gathering spaces should be considered. Reference the Open Space Plan available at the Office of Campus Planning.

HOUSING SUPPORT

Consideration for storage areas to support housing facilities is necessary. Furniture storage area needs to be increased, as well as consideration for items like appliances, plumbing supplies, etc.

CONCEPT DEVELOPMENT PROGRAMMING

Portland State University's campus location and integration within the City of Portland offers students the unique ability to choose from two different residential experiences - the Traditional West Campus or the Urban East Campus. The residential living concepts developed on the following pages have been selected to reinforce these unique living environments. With either living experience, students have the ability to continue or to change experiences as they move from their first-year experience up to graduation. Both the West and East Campus provide living opportunities tailored to their age and peer group to further enhance student variety and student choices.

THE WEST CAMPUS

The West Campus offers students more of a traditional campus living experience. Multiple, often smaller scale, student housing facilities are grouped closely together, featuring some of the campus's more historical architecture, with adjacent open spaces and quadrangles for student activity – convenient access to the South Park Blocks, the signature open space on campus. Many of the concepts suggested include new construction for the west campus, and suggested locations have been carefully sited to maintain the traditional experience as well as allow for the realization of PSU's Open Space Plan (<https://www.pdx.edu/sustainability/open-space-plan>). The Open Space Plan reinforces the traditional campus experience for students and a strong *connection to place*, particularly by the planned development of the Oak Savanna and 11th street plaza and streetscape improvements, which offers numerous opportunities for community engagement and positive development of student life. Such opportunities include a raised deck area for enhanced seating areas and opportunities for recreation, coverings to meet the demand for all-weather outdoor spaces, and outdoor classrooms that have intrinsic education value.



FIGURE 37: Open Space Plan Considerations

THE EAST CAMPUS

The East Campus offers students a uniquely urban campus experience. Higher density student residences, active streets, and connections to mass transportation all contribute to the heartbeat of the East Campus experience. The concepts proposed for the buildings on the east side of campus focus primarily on investing in the existing high-capacity inventory, making a large impact on internal residential community-building while promoting convenient access to mixed-use functions for retail, academics, and diverse social experiences. Capitalizing on vertical opportunities have also been addressed from access to daylight and world-class views of the city and Mt Hood to providing signature spaces like roof deck lounges to provide a true urban hub of residential and academic life.

LAYERED COMMUNITIES

Students choosing an East Campus or West Campus experience will share common living experiences that will be uniquely PSU and center around the concept of layered communities. Students live and learn in diverse ways and, therefore, careful programming must provide for scales of community space to allow for small, more intimate groups to interact as well as medium and large scale student engagement. B&D has looked at both renovation and new construction strategies and have suggested ways that residential communities can provide a variety of spaces for social and academic engagement. Small student nooks for 1-2 students, study rooms accommodating 4-6 students and community lounges that can host activities from 15-25 students have been embedded into the development concepts.

CONCEPT OPTIONS

Mahlum and B&D examined multiple concepts and arrived at five (5) options for Portland State to consider as they move forward with making decisions for the future of campus housing. The following pages review each of these options in detail utilizing the strategic framework and financial analysis to illustrate the feasibility of the concept including a status quo option that assumes the current operations would stay as is. Following the options, overall considerations for design are noted for the use of future design teams.

STATUS QUO OPTION

Although all discussions during the master planning process were oriented toward finding solutions to address deferred maintenance concerns and present an actionable plan to advancing the FYE and SYE housing offerings, the option to remain at status quo was investigated. In particular, it is worth noting that despite not having conducted a full facilities conditions assessment of each building, an existing Sightlines report (2016) identified concerns within some of the existing halls. For example, the Historics, located on the West Campus are in need of complete system upgrades, while Ondine was deemed to not be in compliance with modern infrastructure requirements (e.g., seismic standards and asbestos abatement). Consequently, if the existing maintenance schedule remains without any significant attention, the buildings will become irreparable or would need be to vacated due to potential safety concerns. With no plans to pursue specific major renovations or replacement of beds lost from the Historics, negative cash flow impacts to housing's system-wide proforma would be expected.

Previously proposed capital expenditures for smaller deferred maintenance projects are not viable or sustainable options for the program’s future especially without the consideration of an increase in revenues to help offset any potential loss in rental revenues from beds going offline.

Summary of Concepts

	Option A	Option B	Option C	Option D	Option E
Impact	Aggressive	Moderate	Moderate	Minimal (No New Construction)	Historical Rate Increases
Phase 1	Build 600 New	Build 600 New	Build 600 New	Renovate Montgomery/KA/Blackstone	Renovate Montgomery
Phase 2	Renovate Ondine	Renovate Montgomery	Renovate Ondine	Renovate Ondine	Blackstone/KA Offline
Phase 3	Blackstone/King Albert Offline	Renovate Ondine	Blackstone/KA/Montgomery Offline		Renovate Ondine
Phase 4	Build 200 New	Renovate Blackstone			
Phase 5	Renovate Montgomery	Renovate King-Albert			
Completed	Year 9	Year 8	Year 9	Year 8	NA
Total Investment (\$2018)	\$180,580,000	\$167,840,000	\$131,340,000	\$69,400,000	\$47,900,000
Annual Rate Increase Years 1-5	10.0%	8.0%	7.0%	6.0%	5.0%
Annual Rate Increase Years 6-10	4.0%	7.0%	7.0%	5.0%	5.5%
Annual Rate Increase Years 11-15	3.0%	3.0%	3.0%	3.0%	5.0%
Annual Rate Increase Years 16+	2.0%	2.0%	2.0%	2.0%	5.0%
Total Bed Count (Year 10)	2,631	2,702	2,401	2,102	2,166

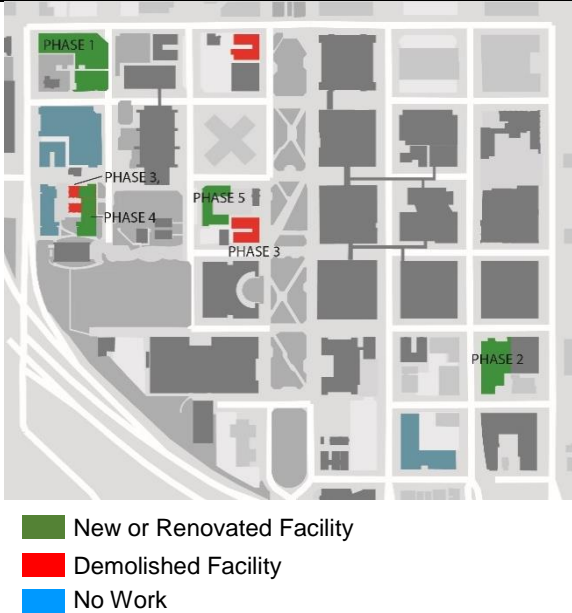
*Parkway is offline in all Options

**New and Renovated Projects Have Additional 10% Rate Premium

***Renovations to Blumel, Epler, & Broadway should be evaluated after 11 years

FIGURE 38: Summary of Concepts for New Construction and Renovation of Residence Halls

OPTION A	
Impact	Aggressive
Phase 1	Build 600 New
Phase 2	Renovate Ondine
Phase 3	Blackstone/King Albert Offline
Phase 4	Build 200 New
Phase 5	Renovate Montgomery
Completed	Year 9
Total Investment (\$2018)	\$180,580,000
Annual Rate Increase	
Years 1-5	10.0%
Years 6-10	4.0%
Years 11-15	3.0%
Years 16+	2.0%
Total Bed Count (Year 10)	2,631

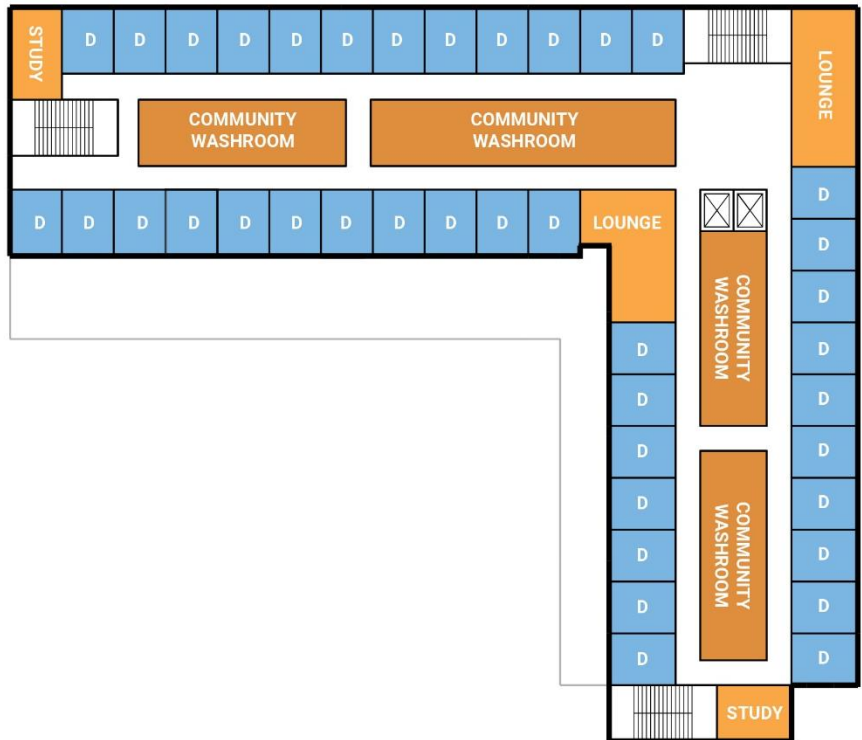


Phase Descriptions

Phase 1 – Build 600 New

This option's initial phase strives to meet the need for traditional student housing by providing a new facility of 400 beds for First Year Experience, and 200 beds for Second Year Experience.

- Study / Lounge
- Community Washroom
- Double Room

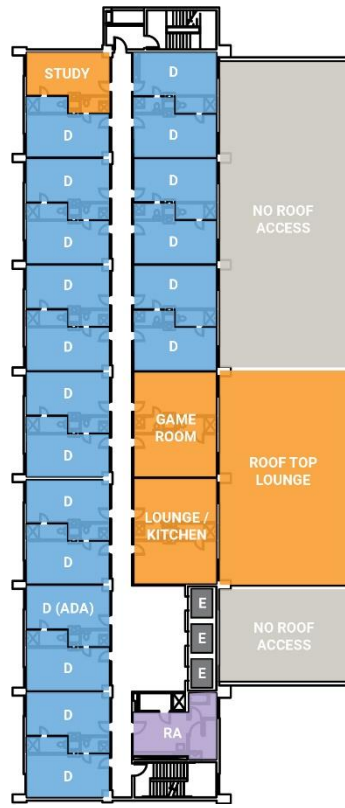


Example Floor Plan

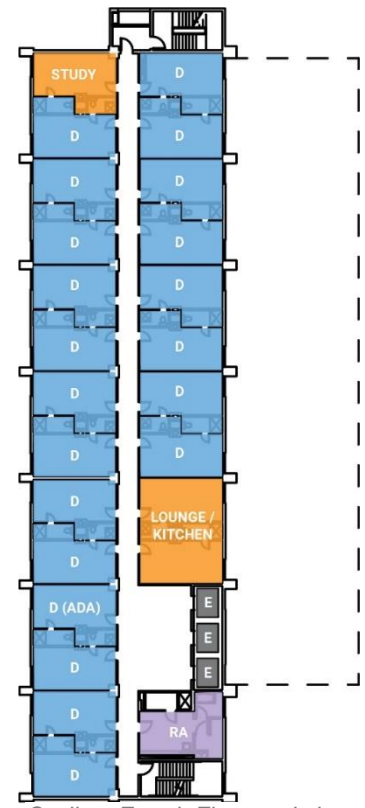
Phase 2 – Renovate Ondine

Phase two capitalizes on the capacity of Ondine. A full renovation will bring the building up to code, and reimagines the facility as a contemporary residence hall of 500 beds in a semi-suite configuration.

- Study / Lounge
- Double Room
- Suggested RA/RD location



Ondine, Third Floor



Ondine, Fourth Floor and above

Phase 3 – Blackstone / King Albert Offline

Phase three removes Blackstone and King Albert from the housing stock, and demolishes the buildings. The King Albert site makes room for a new facility as shown in Phase 4.



Phase 4 – Build 200 New

Phase four builds a new 200 bed building on the former King Albert site. This facility could mirror the existing Epler facility.

- Study / Lounge
- Community Washroom
- Double Room
- Single Room
- Suggested RA/RD location



Example Residential Floor Plan

Phase 5 – Renovate Montgomery

This renovates Montgomery with the intent of bringing the building to modern code and accessibility performance while completing deferred maintenance and updating finishes, resulting in 149 beds.

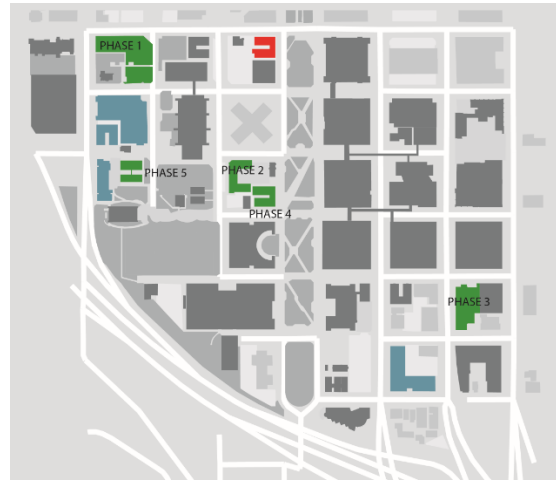
- Study / Lounge
- Community Washroom
- Double Room
- Single Room
- Suggested RA/RD location



Montgomery, Typical Upper Floors

OPTION B

Impact	Moderate
Phase 1	Build 600 New
Phase 2	Renovate Montgomery
Phase 3	Renovate Ondine
Phase 4	Renovate Blackstone
Phase 5	Renovate King Albert
Completed	Year 8
Total Investment (\$2018)	\$167,840,000
Annual Rate Increase	
Years 1-5	8.0%
Years 6-10	7.0%
Years 11-15	3.0%
Years 16+	2.0%
Total Bed Count (Year 10)	2,702

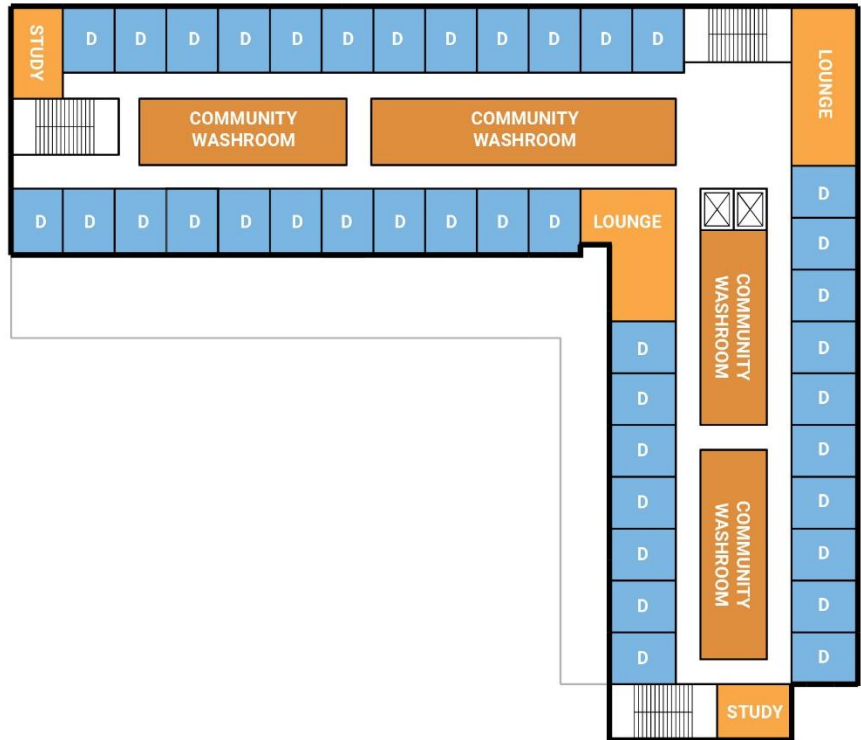


Phase Descriptions

Phase 1 – Build 600 New

This option's initial phase strives to meet the need for traditional student housing by providing a new facility of 400 beds for First Year Experience, and 200 beds for Second Year Experience.

- Study / Lounge
- Community Washroom
- Double Room



Example Floor Plan

Phase 2 – Renovate Montgomery

This renovates Montgomery with the intent of bringing the building to modern code and accessibility performance while completing deferred maintenance and updating finishes, resulting in 149 beds.

- Study / Lounge
- Community Washroom
- Double Room
- Single Room
- Suggested RA/RD location



Montgomery, Typical Upper Floors

Phase 3 – Renovate Ondine

Phase two capitalizes on the capacity of Ondine. A full renovation will bring the building up to code, and reimagines the facility as a contemporary residence hall of 500 beds in a semi-suite configuration.

- Study / Lounge
- Double Room
- Suggested RA/RD location



Ondine, Third Floor

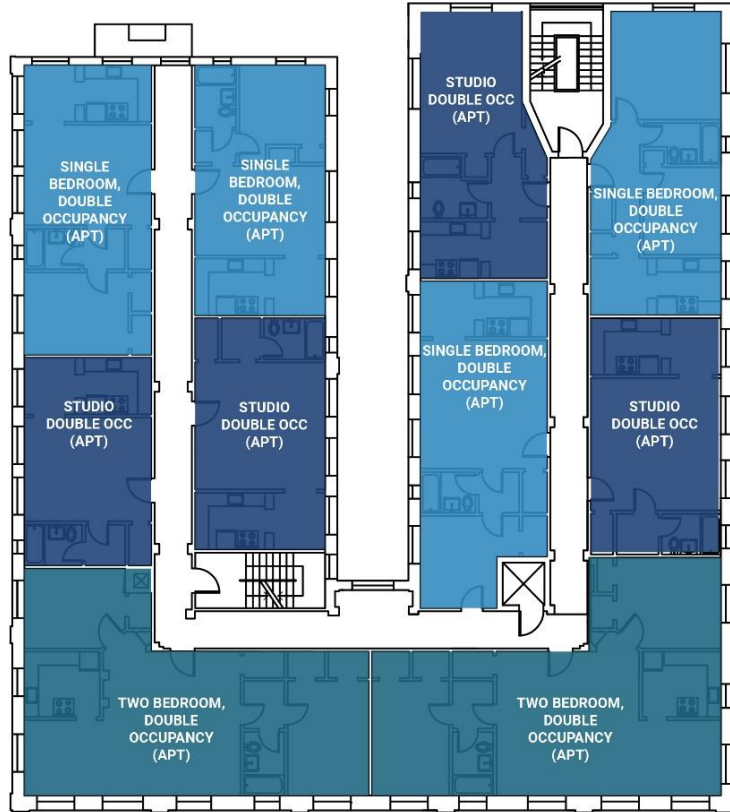
Ondine, Fourth Floor and above

Phase 4 – Renovate

Blackstone

Phase four renovates Blackstone with the intent of bringing the building up to modern code and accessibility performance while also completing deferred maintenance projects and updating finishes. After completion, Blackstone would house 101 beds.

- Studio Apt Double Occupancy
- Single Bedroom Apt Double Occupancy
- Double Bedroom Apt Double Occupancy



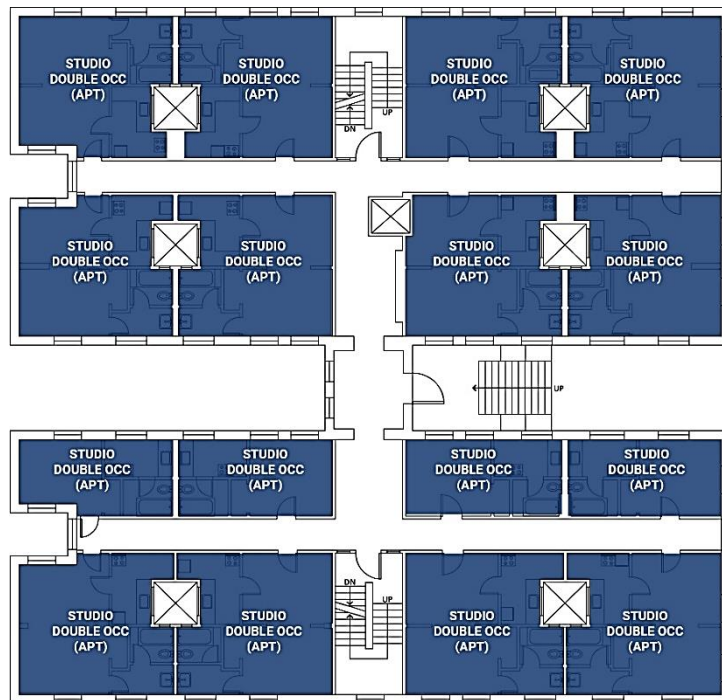
Blackstone Third Floor and Above (Floors one and two similar)

Phase 5 – Renovate King

Albert

Phase five renovates King Albert with the intent of bringing the building up to modern code and accessibility performance while also completing deferred maintenance projects and updating finishes. After completion, King Albert would house 128 beds.


- Studio Apt Double Occupancy



King Albert Typical Residential Floor

OPTION C

Impact	Moderate
Phase 1	Build 600 New
Phase 2	Renovate Ondine
Phase 3	Blackstone / KA / Montgomery offline
Completed	Year 9
Total Investment (\$2018)	\$131,340,000
Annual Rate Increase	
Years 1-5	7.0%
Years 6-10	7.0%
Years 11-15	3.0%
Years 16+	2.0%
Total Bed Count (Year 10)	2,401



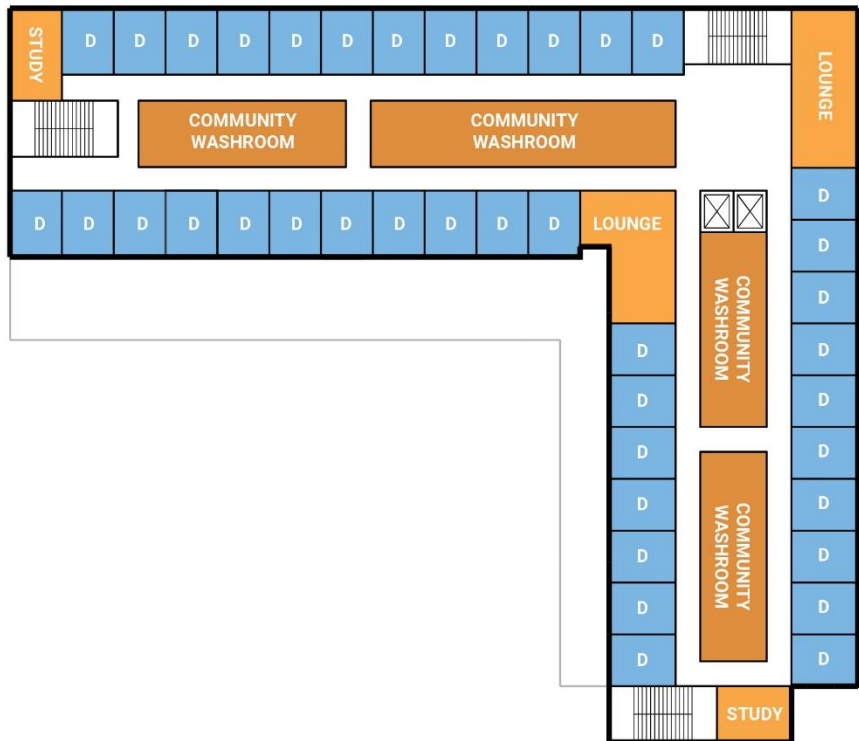
- New or Renovated Facility
- Demolished Facility
- No Work

Phase Descriptions

Phase 1 – Build 600 New

This option’s initial phase strives to meet the need for traditional student housing by providing a new facility of 400 beds for First Year Experience, and 200 beds for Second Year Experience.

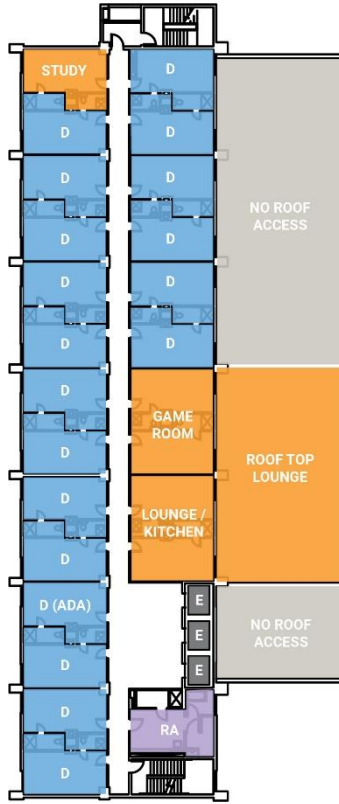
- Study / Lounge
- Community Washroom
- Double Room



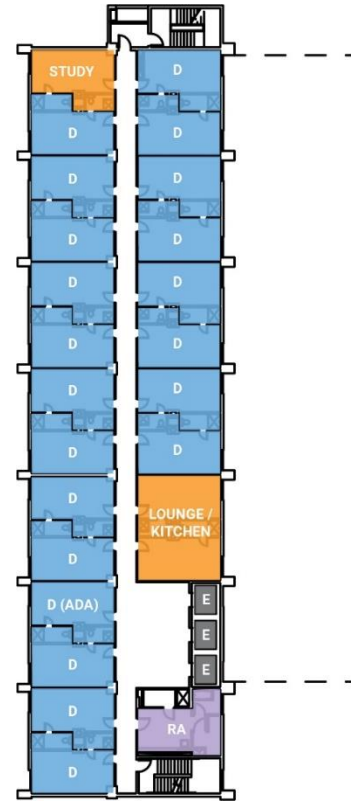
Phase 2 – Renovate Ondine

Phase two capitalizes on the capacity of Ondine. A full renovation will bring the building up to code, and reimagines the facility as a contemporary residence hall of 500 beds in a semi-suite configuration.

- Study / Lounge
- Double Room
- Suggested RA/RD location



Ondine, Third Floor




Ondine, Fourth Floor and above

Phase 3 – Blackstone / King Albert / Montgomery offline

Phase three removes Blackstone, King Albert, and Montgomery from the housing stock, and demolishes the buildings.



OPTION D	
Impact	Minimal (No New Construction)
Phase 1	Renovate Montgomery / KA / Blackstone
Phase 2	Renovate Ondine
Completed	Year 8
Total Investment (\$2018)	\$69,400,000
Annual Rate Increase	
Years 1-5	6.0%
Years 6-10	5.0%
Years 11-15	3.0%
Years 16+	2.0%
Total Bed Count (Year 10)	2,102



- New or Renovated Facility
- Demolished Facility
- No Work

Phase Descriptions

Phase 1 – Renovate Montgomery, King Albert, and Blackstone

In this minimal construction option, the first phase renovates Montgomery, King Albert, and Blackstone, bringing them up to modern code and accessibility performance while completing deferred maintenance and updating finishes. After completion, Montgomery would house 149 beds.

- Study / Lounge
- Community Washroom
- Double Room
- Single Room



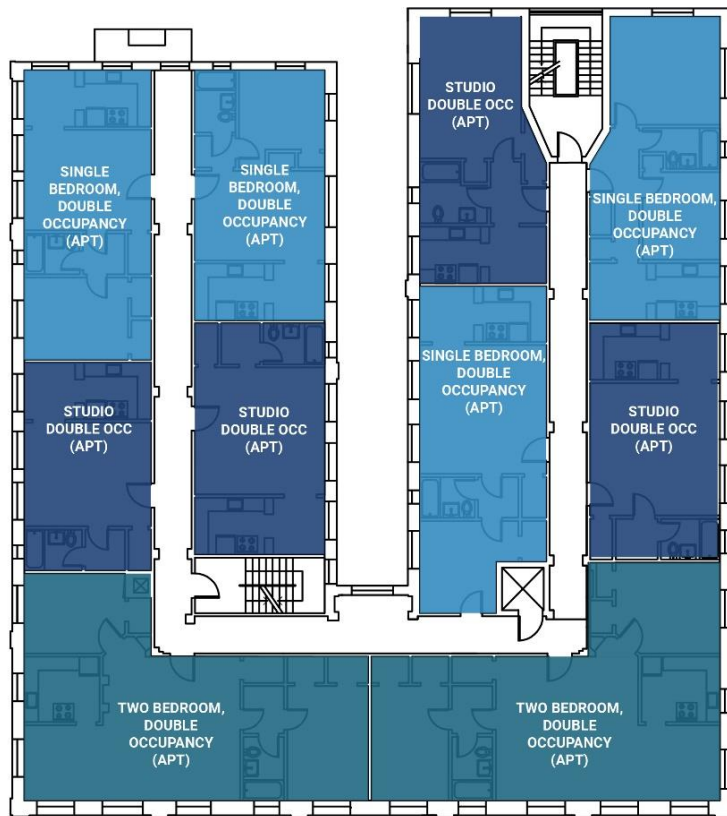
Montgomery, Typical Upper Floors

Phase 1 – Renovate

Blackstone & King Albert

After completion, Blackstone would house 101 beds.

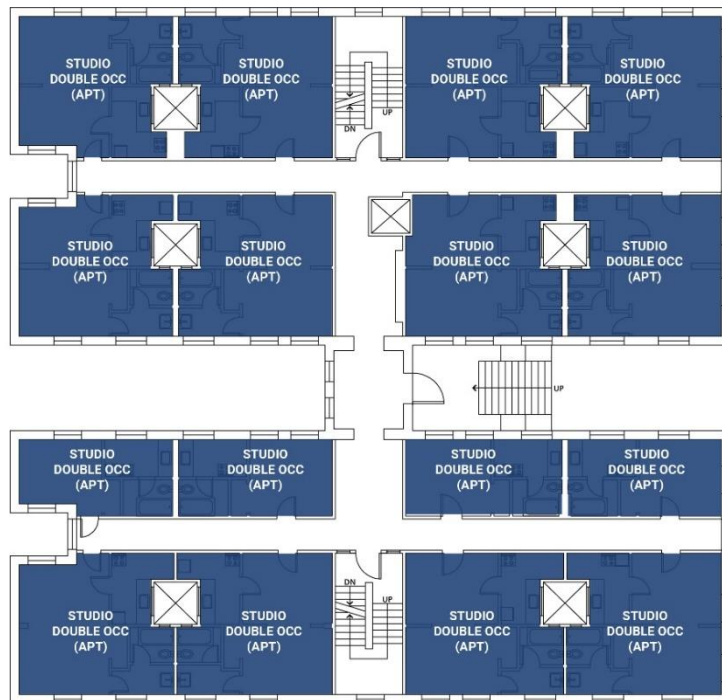
- Studio Apt
Double Occupancy
- Single Bedroom Apt
Double Occupancy
- Double Bedroom Apt
Double Occupancy



Blackstone Third Floor and Above (Floors one and two similar)

King Albert

- Studio Apt
Double Occupancy

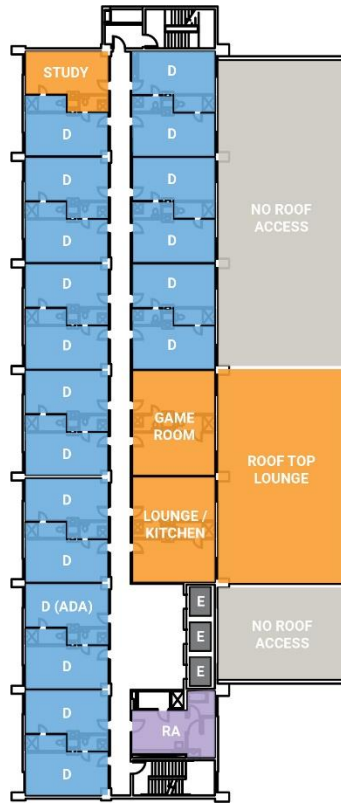


King Albert Typical Residential Floor

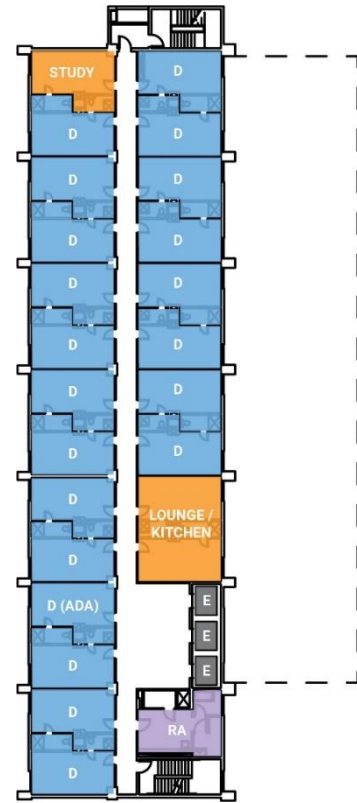
Phase 2 – Renovate Ondine

Phase two capitalizes on the capacity of Ondine. A full renovation will bring the building up to code, and reimagines the facility as a contemporary residence hall of 500 beds in a semi-suite configuration.

- Study / Lounge
- Double Room
- Suggested RA/RD location




Ondine, Third Floor



Ondine, Fourth Floor and above

OPTION E

Impact	Historical Rate Increases
Phase 1	Renovate Montgomery
Phase 2	Blackstone / KA Offline
Phase 3	Renovate Ondine
Completed	N/A
Total Investment (\$2018)	\$47,900,000
Annual Rate Increase	
Years 1-5	5.0%
Years 6-10	5.0%
Years 11-15	5.0%
Years 16+	5.0%
Total Bed Count (Year 10)	2,166



- New or Renovated Facility
- Demolished Facility
- No Work

Phase Descriptions

Phase 1 – Renovate Montgomery

In this minimal construction option, the first phase renovates Montgomery, with the intent of bringing it up to modern code and accessibility performance while also completing deferred maintenance projects and updating finishes. After completion, Montgomery would house 149 beds.

- Study / Lounge
- Community Washroom
- Double Room
- Single Room
- Suggested RA/RD location



Montgomery, Typical Upper Floors

**Phase 2 – Blackstone / King
Albert offline**

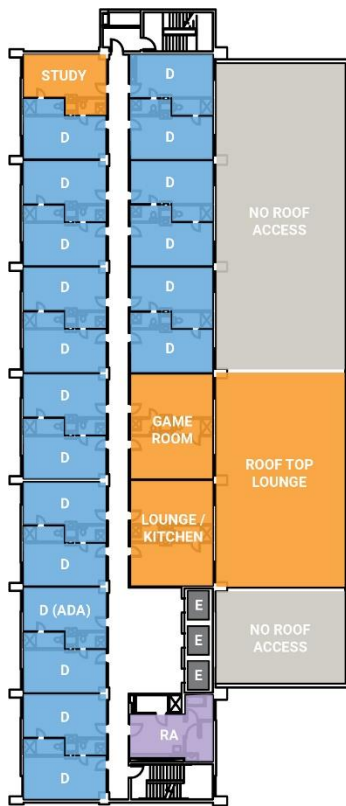
Phase two removes Blackstone and King Albert from the housing stock, and demolishes the buildings.



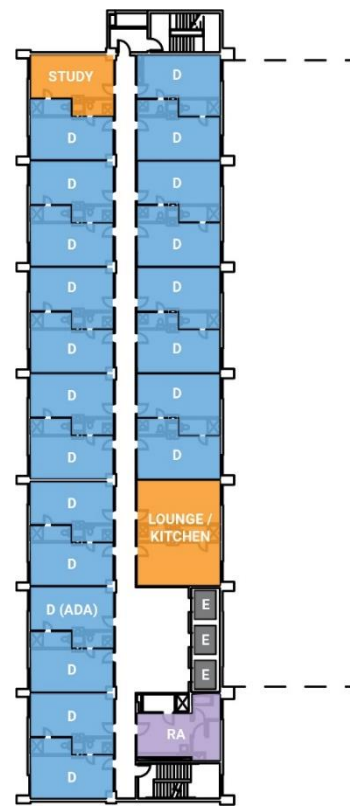
Phase 3 – Renovate Ondine

Phase three capitalizes on the capacity of Ondine. A full renovation will bring the building up to code, and reimagines the facility as a contemporary residence hall composed of 500 beds in a semi-suite configuration.

- Study / Lounge
- Double Room
- Suggested RA/RD location



Ondine, Third Floor



Ondine, Fourth Floor and above

HOUSING RATE & REVENUE ANALYSIS

OVERVIEW

As a part of the financial analysis and the development of the pro forma, Mahlum and B&D completed a comprehensive review of PSU's existing housing rate structure. As of fall 2018, PSU offers approximately thirty-eight (38) rental rate price points with unique identifiers. This analysis assessed the overall revenue generated from the aforementioned price points and determined what rental rate structure modifications may be necessary without impacting overall revenue generation.

RENTAL RATE STRUCTURE

Existing Pricing Structure

As was stated in the peer benchmarking analysis, PSU's rental rate structure was compared with other institutions. The analysis revealed that PSU housing offers a pricing structure with a variety of unique considerations; some are similar to other institutions while others were developed historically to provide greater equity in costs with respect to the value of the room offering. For instance, current housing rates vary by FYE, upper division or transfers, furnished or unfurnished rooms, units within a historic or modern building, and by unit size or square footage (to which additional stratification into five class types is also offered). In addition, PSU currently offers one of the lowest room rates among its peers but a comparable overall room and board rate. In B&D's experience, PSU's room rates are among some of the lowest seen when compared with previous clients across the country (Figure 38).

Below is a brief representation of the current rental rate structure for FYE and upperclassmen residents provided by PSU:



2018-2019 HOUSING RATES: Upperclassmen and Transfer Students

FURNISHED: INCLUDES BED, DESK, DRESSER, AND CHAIR

- If you elect to live in a **single** space with no other roommate you will be charged the single rate and Housing will not assign anyone else to that unit.
- The **double** rate costs more than half of the single rate due to the additional utilities used and normal wear and tear caused by a second person.
- Housing will assign a roommate(s) for all **furnished double and quad** units.

Sleepers: Community kitchen & bathroom (showers)
Located in Montgomery

Room Type	Class Type	Square Footage	Occupancy	Housing Cost per Term	Approx. Housing Cost per month*
Historic	Class 1	~825 sq ft	Single	\$1770	\$590
	Class 2	126-170 sq ft		\$1870	\$623
	Class 3	155+ sq ft		\$1295	\$432

Studios: Kitchennette/Kitchen with private bathroom (shower)
located in Broadway and Stephen Epler (including Urban Honors)

Room Type	Class Type	Square Footage	Occupancy	Housing Cost per Term	Approx. Housing Cost per month*
Modern	Class 1	290-305 sq ft	Double	\$2195	\$732
			Single	\$3330	\$1110

Studio Suites: Shared kitchen with suite and shared bathroom with suite (shower)
located in Ondine

Room Type	Class Type	Square Footage	Occupancy	Housing Cost per Term	Approx. Housing Cost per month*
Modern	Class 1	295 sq ft	Double	\$2650	\$883
			Single	\$2585	\$862

1-Bedrooms: Kitchen with private bathroom (shower/bathtub)
located in Blumel

Room Type	Class Type	Square Footage	Occupancy	Housing Cost per Term	Approx. Housing Cost per month*
Modern	Class 1	555-574 sq ft	Double	\$2550	\$850

2-Bedrooms: Kitchen with private bathroom (shower/bathtub)
located in Blackstone

Room Type	Class Type	Square Footage	Occupancy	Housing Cost per Term	Approx. Housing Cost per month*
Historic	Class 1	900 sq ft	Quad	\$2145	\$715

*These are estimates intended to illustrate a monthly cost. The full term rates are billed at the beginning of the term.

UNFURNISHED

- If you are approved to live with a **spouse or domestic partner**, you will be charged the **double rate for each adult living in the unit**, see the **family billing rates** for more information.
- Housing will **not** assign roommates in unfurnished units. You must find your own roommate who is a PSU student in order to be eligible for the **double rate**. If your roommate moves out and you are unable to find a new roommate, you will be billed the **single rate**.

Sleepers: Community kitchen & bathroom (showers), Class 4 offers a private bathroom (very limited)
Located in Blackstone and Parkway

Room Type	Class Type	Square Footage	Occupancy	Housing Cost per Term	Approx. Housing Cost per month*
Historic	Class 2	326-170 sq ft	Single Only	\$1770	\$590
	Class 3	370-260 sq ft		\$1865	\$622
	Class 4	357-252 sq ft		\$1970	\$657

Studios: Kitchennette/Kitchen with private bathroom (bathtub only)
Located in Blackstone, King Albert, and Parkway

Room Type	Class Type	Square Footage	Occupancy	Housing Cost per Term	Approx. Housing Cost per month*
Historic	Class 1	224 sq ft	Single Only	\$3410	\$1137
				\$2775	\$925
				\$2800	\$933
				\$2875	\$958
				\$2980	\$993

HOUSING AND RESIDENCE LIFE

2018-2019 HOUSING RATES FIRST YEAR EXPERIENCE (FYE)

First Year Experience (FYE) is a year-long program that supports traditional, first year students in transitioning effectively to an urban campus, finding academic support, and developing a home on the PSU campus. The FYE program helps students find social connections, enjoy the Portland and campus community, and develop a healthy lifestyle. More information can be found at www.pdx.edu/housing/first-year-housing.

ROOM RATES
All rates include electric, water, gas, cable TV, and wireless internet.

Room Type	Building	Square Footage	Occupancy	Housing cost per term	Approx. Housing cost per month*
Studio (Furnished)	Ondine	295 sq ft.	Double	\$1840	\$613
			Single	\$2830	\$943
	Broadway	305 sq ft.	Double	\$2355	\$785
			Single	\$3560	\$1187
	Stephen Epler (Honors Only)	290 sq ft.	Double	\$2195	\$732
			Single	\$3330	\$1110

FIGURE 38: Breakdown of Housing Rental Rates for FYE & Upperclassmen Residents

Revenue Generation

Although the primary revenue source comes from academic and summer rental rates (\$15.9 million), it is important to note that contributions to yearly revenues also come from internal sales, sales & services, and board fees. In total, the Project Team utilized as a baseline for total revenues within PSU’s housing portfolio at approximately \$33.6 million in Year 1 (including transfer in). Existing single, double, triple and quad rental rates (2018-2019) were used in this analysis to maintain consistency at the University’s current pricing structure with an expected 5% yearly escalation rate. There is added opportunity to generate additional revenue from summer conferencing, which should be further evaluated as a new or renovated supply of units comes online.

System Pro Forma	0 2017-2018	1 2018-2019
Total Revenue Bed Supply	2,220	2,220
Hall Budget Revenues	0%	5%
Room Fee	\$14,129,000	\$14,835,000
Summer Revenue	\$1,100,000	\$1,100,000
Board Fee	\$2,996,000	\$3,026,000
Total Hall Revenue	\$18,225,000	\$18,961,000
Master Budget Revenues		
Sales & Services	\$1,277,000	\$1,290,000
Other	\$12,000	\$12,000
Internal Sales	\$476,000	\$481,000
Transfer In	\$12,722,000	\$12,849,000
Total Remaining Revenue	\$14,487,000	\$14,632,000
Total Revenue	\$32,712,000	\$33,593,000

FIGURE 39: Breakdown of PSU Housing Revenue Sources (2017-2018 & 2018-2019)

HOUSING PARTNERSHIP

ASSET MANAGEMENT

University Pointe is a potential asset PSU can utilize to a greater degree within its housing portfolio. In order for both ACC and PSU to maximize its benefits, the issues identified by students in B&D’s market research must be addressed to reposition the property in a more positive light. This effort will require greater collaboration between ACC and University Pointe on-site management and Portland State University. Additionally, PSU can leverage its position in the following ways:

- *Swing space:* The Student Housing Master Plan identifies a number of potential improvements to existing campus housing. The extent of these improvements may require a residence hall to be off-line for a year or more. During this renovation period, the University could utilize the bed capacity of University Pointe to minimize any reduction in total campus beds available. The majority of universities do not have this option available to shift populations around during the implementation of master plans.
- *Master lease:* PSU could enter into a new agreement with ACC to master lease the property, something other campuses like San Francisco State University have done. This lease agreement would shift the occupancy risk of the project from ACC to PSU, essentially creating a guaranteed revenue stream to ACC to support their return on investment. University Pointe could also be fully integrated into the PSU housing portfolio and managed by the University in this arrangement. If the master lease was present today with the current occupancy of PSU students in University Pointe, it is estimated that the University would be required to provide their current revenue targets. It is also important to note that this master

lease would likely be over a long period triggering an impact to the University's debt capacity and balance sheet.

- *Acquisition:* If desired, the University could seek to acquire the asset from ACC, buying out the term of the ground lease. This option will be highly cost prohibitive given how equity transactions are structured and the building's recent construction.

KEY FINDINGS

- ◆ The existing residential portfolio does not have the appropriate unit types to house students in alignment with the "Traditional" student housing continuum.
 - The unmet demand for Traditional Beds is 770 beds and the on-campus inventory is not adequately programmed for this unit type.
 - There is an oversubscription of apartments in the existing on-campus market, which can be rectified using the phased approach in Option A.
 - University Pointe is functioning as a competitive product for the campus and the contract needs to be renegotiated.
 - The existing demand allows the University to implement a first-year live-on requirement under the condition that University Pointe becomes the apartment option for students.
 - There is an abundance of semi-suite style accommodations with an in-room restroom and outdated kitchenette that is not aligned with the FYE and continuum.
- ◆ The University Pointe partnership is not serving the campus.
 - The existing campus amenities and physical condition of the building were identified as vital concerns by students.
 - The existing proximity to the MAX transit stop has cultivated a transient feel, which does not promote a feeling of security for students.
 - The existing matching policies has been identified as a safety concern due to the mix of non-PSU students with PSU students within the same living unit.
 - The existing campus partnership is not meeting the desired occupancy goals and provides the campus with an opportunity to re-negotiate the contract to ensure the success of both parties.
 - The existing project competes with the on-campus portfolio.

◆ Facilities Assessment

- PSU has a historically and architecturally significant program, which are a part of the downtown landscape but are not serving the University.
 - The deferred maintenance issues are a draining capital expenditures and the required investments – specifically in the Historics do not offer the return on investment.
- The existing residential halls have significant deferred maintenance and accessibility issues

◆ Off-Campus Market Analysis

- The immediate off-campus market has complexes that target the PSU student population.
- There are five (5) student-focused properties that provide competitive off-campus options available to students, but are still more expensive than options available on-campus.
- The future off-campus developments within the downtown Portland community are not student-purposed and appear to be marketed towards young professionals in costs and amenities.
- PSU has maintained historically-low rate increases, which has created affordable options for students, but also created a housing inventory that is not aligned nor competitive with peer institutions.

FINAL RECOMMENDATIONS

The covenants tied to University Pointe allow for ACC to approve or reject new housing projects unless they view minimal impact to their occupancy. Part of this Student Housing Master Plan is to address demand for housing and a comprehensive look at the needs of PSU students. Brailsford & Dunlavey believes that a strong relationship between ACC and PSU addressing the items under product realignment would positively impact the PSU student occupancy of University Pointe.

The implementation of the Student Housing Master Plan is a priority for Portland State University in order to address student success and the updates to its existing housing inventory. If a prerequisite in the implementation is to concretely address University Pointe occupancy rates, then the University should expand its role and enter into a master lease agreement exerting greater control and oversight of the property.

OPTION A

The five (5) outlined options present an approach and strategy that help forecast what the opportunities and financial implications of each option may be in the next 5 to 10 years. The options range from aggressive to minimal investments, which all are designed to position the program to develop in tandem with the projected and aspirational growth of PSU. At the onset of the project, we conducted a Strategic Asset Value (SAV) visioning session with University leadership to better understand the aspirations and comprehensive status of the institution. Understanding the interdependence of Residential Life and Housing within the University, a decision related to one of the institutions major assets, should be carefully considered as a major part achieving a positive student experience for those who live on campus. As mentioned previously, the existing structural and programmatic functions of RLH are not sustainable if met with a status quo operational approach. In order to address the immediate structural concerns, projected enrollment growth, and programmatic constraints, Option A is the Project Team's recommendation.

Labeled as "Aggressive", this option introduces 600 new beds during the first phase to address the immediate need for updated housing options and to take other buildings offline permanently or for a renovation. While Options B and C also create 600 new beds and present innovative phasing, Option A introduces an additional 200 new beds during phase four creating a total of 800 beds. Option A also renovates and reprograms the remaining three (3) Historics, and addresses Ondine in the second phase, allowing for the FYE program and on campus living experience to be significantly transformed. This options provides the greatest long-term impact to the campus experience. Option A strives to balance the demand for additional housing by providing newer residential facilities while investing in the maintenance of existing lower cost facilities.

As a key element to the strategic framework, it was identified that maintaining affordability for PSU students is of great importance to the University. Additionally, as identified in the Financial Analysis, any new construction project, renovation, or demolition of a residence hall will require a rental rate increase either for those within the new building or across the housing system, as a whole. The Project Team believes spreading the impact across the system allows the greatest opportunity to maintain affordability for PSU students as opposed to only raising rates for each individual project. Given the complexity of the existing structure, the Project Team recommends implementing a simplification of pricing options rather than a comprehensive overhaul of the entire structure itself.

This approach allows PSU housing rates to be simplified as more continuity across unit types become present within newly constructed buildings or renovated halls. As units come on-line in the future, there is an opportunity to implement a pricing structure that removes some of the existing stratification. One of the primary reasons for the stratification of room rates currently is due to the perceived lack of similarity and equity among existing unit types. The implementation of a new pricing structure may vary based upon the option (i.e., Options A – E within the Housing Master Plan) but the approach may be applicable to each hall, as necessary. For the purposes of this analysis, the Project Team selected two (2) halls, Blackstone and Ondine. Upon completion of a renovation,

both halls offer unique opportunities to reduce the number of price points, preserve affordability, and maintain equity of its offerings.

- *Blackstone Hall:* The hall that currently offers the most diversity, flexibility, and affordability in pricing is the historic residence hall Blackstone. The building currently provides approximately 73 beds with twelve (12) different pricing options. Unit type distinctions made in the residence hall include apartments (i.e., studio, 1-bedroom, and 2-bedroom units) and sleepers (i.e., traditional style housing). Each unit type is given a single and double configuration as well as a furnished or unfurnished option. In the renovation option, Blackstone would continue to offer all three apartment options with single and double configurations (i.e., six total price options). To lessen the complexity, it is recommended that Blackstone's renovation offer the same bathroom amenities among all units. The building should also remain as the unfurnished option for on-campus students.
- *Ondine Hall:* The unit types within Ondine are primarily broken down by studio apartments or suites both in single and double configurations (i.e., four pricing options total). As a phased renovation is implemented into all semi-suite unit configurations per the Housing Master Plan's recommendation, prices would then be reduced to two pricing options (i.e., single and double semi-suite rates).

The Project Team believes this approach will provide the housing system the least impact financially because it offers the greatest flexibility. Any potential impact to revenues whether positive or negative would be incremental and allow the Housing & Residence Life team the opportunity to react accordingly and adjust budget projections as needed.



BRAILSFORD & DUNLAVEY

INSPIRE. EMPOWER. ADVANCE.

info@programmanagers.com
PROGRAMMANAGERS.COM

@BD_PM

