



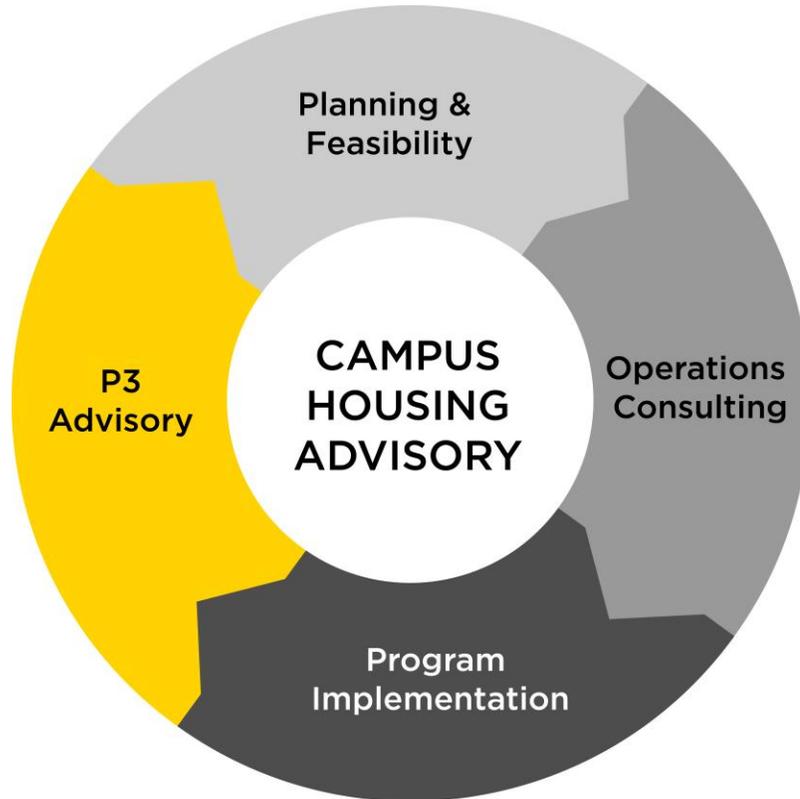
Chabot Las Positas Community College District

Student Housing Study

March 20, 2021

Introduction

The Scion Group



- Campus housing – **Only focus** since 1999
- Experience with **250+ campus markets** throughout North America; **34 community colleges nationwide** and **12 in California**
- Approximately, **30% of our current clients are two-year colleges** and/or institutions considering **housing for the first time**
- **Own and manage 58,00 student housing beds** allowing the use of **real-time operational data** and benchmarks
- Scion is **not a developer**
- **Collaborative** approach that utilizes **appropriate market data** and **precise analyses** so that our clients can make the most informed decisions
- **Interdisciplinary resources** of Scion’s professionals include backgrounds in finance and economics, on-campus residence life and operations, planning, research and owner’s representation
- Offices in **Irvine, California**; Chicago, Illinois; Washington, D.C.; Dallas, Texas & Toronto, Canada

Housing Study Goals

Determine student demand for housing & unit preferences

Understand student cost tolerances

Analyze off-campus market

Gauge College and District readiness

Evaluate financial feasibility

Implementation Plan

Strategic Objectives

Chabot College

Las Positas College



Inclusion & Access



Diversity & Transculturalism



Student Retention



Student Engagement



Financial Accessibility



Student Recruitment



Community Engagement



Student Retention



Innovation & Problem Solving



Financial Accessibility

Survey Administration

| Aspect | Chabot College | Las Positas College |
|--|---|---------------------|
| Survey Timeline | Available for 39 days December 11, 2019 - January 18, 2020 | |
| Total Respondents | 812 respondents | 713 respondents |
| Total Population ¹ Margin of Error | 3.3% ± | 4% ± |
| Target Population Margin of Error | 4% ± | 4% ± |
| # of Students Enrolled in 6+ Units & non property owners | 590 respondents | 531 respondents |
| # of Single Students | 412 respondents | 418 respondents |
| # of Students with Families | 178 respondents | 113 respondents |

¹ Target Population: are the students most likely to consider campus housing. Those who are enrolled in at least 6 units and are not property owners.

Market and Demand Study Summary

Why Housing, Why Now?



Housing Costs

- High housing costs, because of proximity to San Francisco.
- Low vacancy rates, limited supply of housing for students.
- 40% of Chabot students & 38% of LP students report challenges finding housing within a reasonable commute to campus.
- Nearly all students indicated cost is their number one priority when determining where to live.



Recruitment & Retention

- 95% of Chabot students and 93% of LP students believe offering student housing is important for *attracting* future students.
- 93% of Chabot and 91% of LP students believe offering housing is important for *retaining* future students.
- 8% of single students and 10% of students with families at Chabot and 7% of single and 8% of students with families at LP indicated they planned to leave their College because of high housing costs.



Engagement

- Increase student and faculty/staff engagement in campus activities.
- Increase opportunities and strengthen relationship with community stakeholders.
- 64% of part-time single students & 49% of part-time students with families at Chabot and 53% and 59% respectively at LP indicated some level of interest in enrolling full-time if housing were available.

¹ Students with families are those who indicated they live with a partner and/or dependent(s). **Note:** Fair Housing prohibits restricting access to housing based on familial status. Any of the housing programs would be available to students regardless of their familial status. Scion organizes demand as an acknowledgement of the how living experiences and housing needs of single students generally differs from students with families as well as the operational differences between by-the-bed and by-the-unit leasing. **Survey:** Based on 812 Chabot College student responses the margin of error was $\pm 3.3\%$, within the target margin of error of $\pm 5\%$. **Survey:** Based on 713 Las Positas College student responses the margin of error was $\pm 3.5\%$, within the target margin of error

Readiness for Housing



Institutional Readiness

- Student housing would advance strategic objectives.
- Faculty & staff are dedicated to supporting the whole student and believe housing would support their efforts.
- Stakeholders expressed support of housing and acknowledgement of the transformative impact it would have on campus.



Chabot Student Readiness

- 3% of students reported some level of housing insecurity.¹
- 68% of single students and 77% of students with families indicated interest in living on campus.
- 29% of single students and 40% of students with families reported it was difficult to find housing within a reasonable commute time to campus.²

¹ Chabot Collage: 2% couch surfing & 1% experience homelessness/housing insecure.

² 83% of single students and 85% of students with families indicated a reasonable commute time is 30 minutes or less.



Las Positas Readiness

- 2% of students reported some level of housing insecurity.³
- 67% of single students and 83% of students with families indicated interest in living on campus.
- 27% of single students and 40% of students with families reported it was difficult to find housing within a reasonable commute time to campus.⁴

³ Las Positas Collage: 2% couch surfing & 1% experience homelessness/housing insecure.

⁴ 84% of single students and 82% of students with families indicated a reasonable commute time is 30 minutes or less.

Interest in Housing

If one of the unit types you ranked had been available for the 2019-20 academic year, would you have lived there?



I think this would be a wonderful opportunity and experience for those students that come from low-income families. Living expenses in the Bay Area are super high. It would be such a relief if Chabot helps students by encouraging them to continue studying by supporting them with affordable housing.

- Chabot College Student



| Housing Interest ¹ | Chabot College | | Las Positas College | |
|----------------------------------|-----------------|------------------------|---------------------|------------------------|
| | Single Students | Students with Families | Single Students | Students with Families |
| Yes | 68% | 78% | 67% | 83% |
| Maybe | 22% | 13% | 20% | 10% |
| Indicated Some level of Interest | 90% | 91% | 87% | 93% |
| No | 10% | 10% | 13% | 8% |

Note: these figures *exclude* students who indicated they are not interested in any of the housing unit types they viewed

Demand Factors



I think housing would be a great opportunity for people to learn to be on their own and also succeed at school.



- Las Positas College Student

Scion considered several factors when calculating demand, including but not limited to:

- Enrollment status
- Students living with a partner and/or dependent(s)
- Current living situation
- Student age
- Cost tolerance and affordability
- Off-campus market conditions
- Quantifiable interest in campus housing, as demonstrated in student survey

Cost Tolerance Revision

Completion of the preliminary demand calculation and financial analysis determined the survey-tested rates would likely not produce a financially feasible project.

In response, Scion adjusted the cost-tolerance threshold (a key demand input) to reflect the rents required for a feasible project. The result was a decrease overall demand.



Cost Tolerance Threshold

Current monthly living expenses (cost-tolerance) are a significant indicator of willingness to live on campus. Scion utilizes students' self-reported monthly living expenses as a key input in the demand calculation.

| Calculation | Single Students (by-the-bed) | | Students with Families (by-the-unit) |
|----------------------------|--|---|---|
| | Traditional-Style Housing | Apartment-Style Housing ² | Apartment-Style Housing |
| Initial | Removed 100% of respondents paying <\$600 ³ | | Removed 100% of respondents paying <\$1,000 |
| | Removed 30% of respondents paying \$600-\$674 | | Removed 50% of respondents paying \$1,000-\$1,149 |
| Revised¹ | Removed 100% of respondents paying <\$850 | Removed 100% of respondents paying <\$1,300 | Removed 100% of respondents paying <\$2,200 |
| | Removed 30% of respondents \$850-\$1,149 | Removed 30% of respondents \$1,300-\$1,799 | Removed 50% of respondents paying \$2,200-\$2,999 |

¹ Revised calculation used separate cost tolerances for traditional and apartment style housing, reflecting the differences in cost of construction.

² Dollar amounts reflect students' monthly living expenses (rent and utilities) as they reported on the student survey.

³ Initial calculations did not distinguish between the traditional and apartment housing style, and used cost tolerance thresholds informed by the less expensive traditional housing

Demand Summary

Students with 6+ units are most likely the primary audience for the housing. However, Scion calculated demand for students enrolled in 5.5 or fewer units to show the depth of potential residents.

| Enrollment Status | Single Student Housing Demand (Beds) | | | | Family Housing Demand (Units) | |
|--|--------------------------------------|-------------------|-------------------------|-------------------|-------------------------------|-------------------|
| | Traditional Housing Style | | Apartment Housing Style | | | |
| Full-Time (12+ units) | 414 | 330 | 377 | 259 | 93 | 62 |
| Part-Time (6 - 11.5 units) | 359 | 216 | 279 | 176 | 106 | 71 |
| <i>Full-Time (12+ units) AND Part-Time (6 - 11.5 units)</i> | <u>773</u> | <u>546</u> | <u>656</u> | <u>435</u> | <u>199</u> | <u>133</u> |
| Part-Time (0.5 - 5.5 units) | 168 | 55 | 120 | 51 | 50 | 8 |
| <i>Total - All Students</i> | 941 | 601 | 776 | 486 | 249 | 141 |

Note: Housing intended for students with families is usually leased by-the-unit versus housing for single students, normally leased by-the-bed.

Balance of Risk & Control

District Owned
Full District control, risk and resources



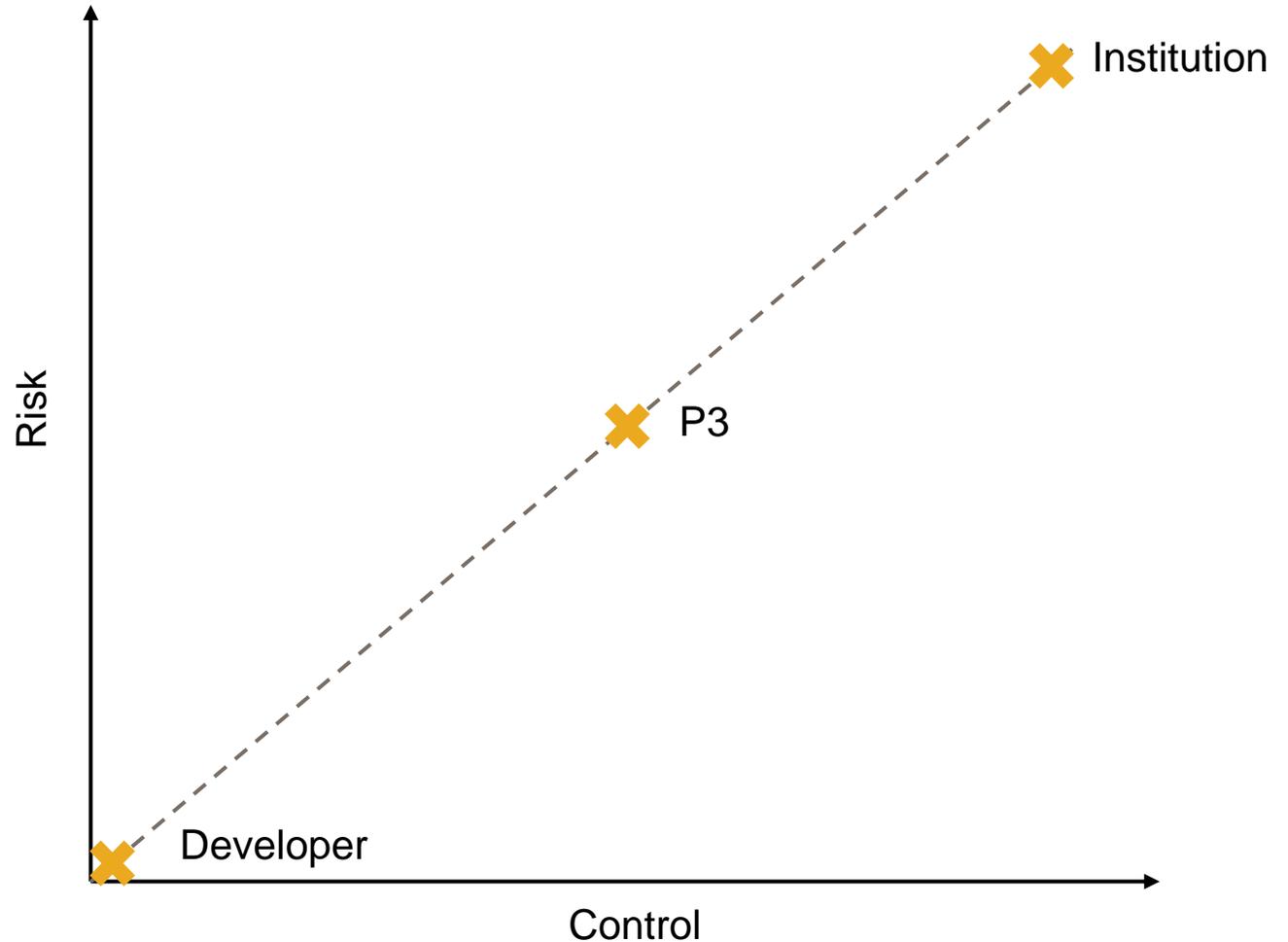
Developer Owned (Taxable Model)
Minimal District control, risk or resources

Factors

- Planning / site selection
- Financing
- Construction management
- Property management
- Residence life
- Management
- Marketing / assignments
- Learning communities

Balancing to Achieve Goals

- **Sample Control Items:**
 - Mission Alignment
 - Program Design
 - Construction Standards
 - Schedule
 - Operations – Program & Cash Flow
- **Sample Risk Items:**
 - Cost Impact
 - Credit Impact
 - Reputation Impact



Housing Programs & Location

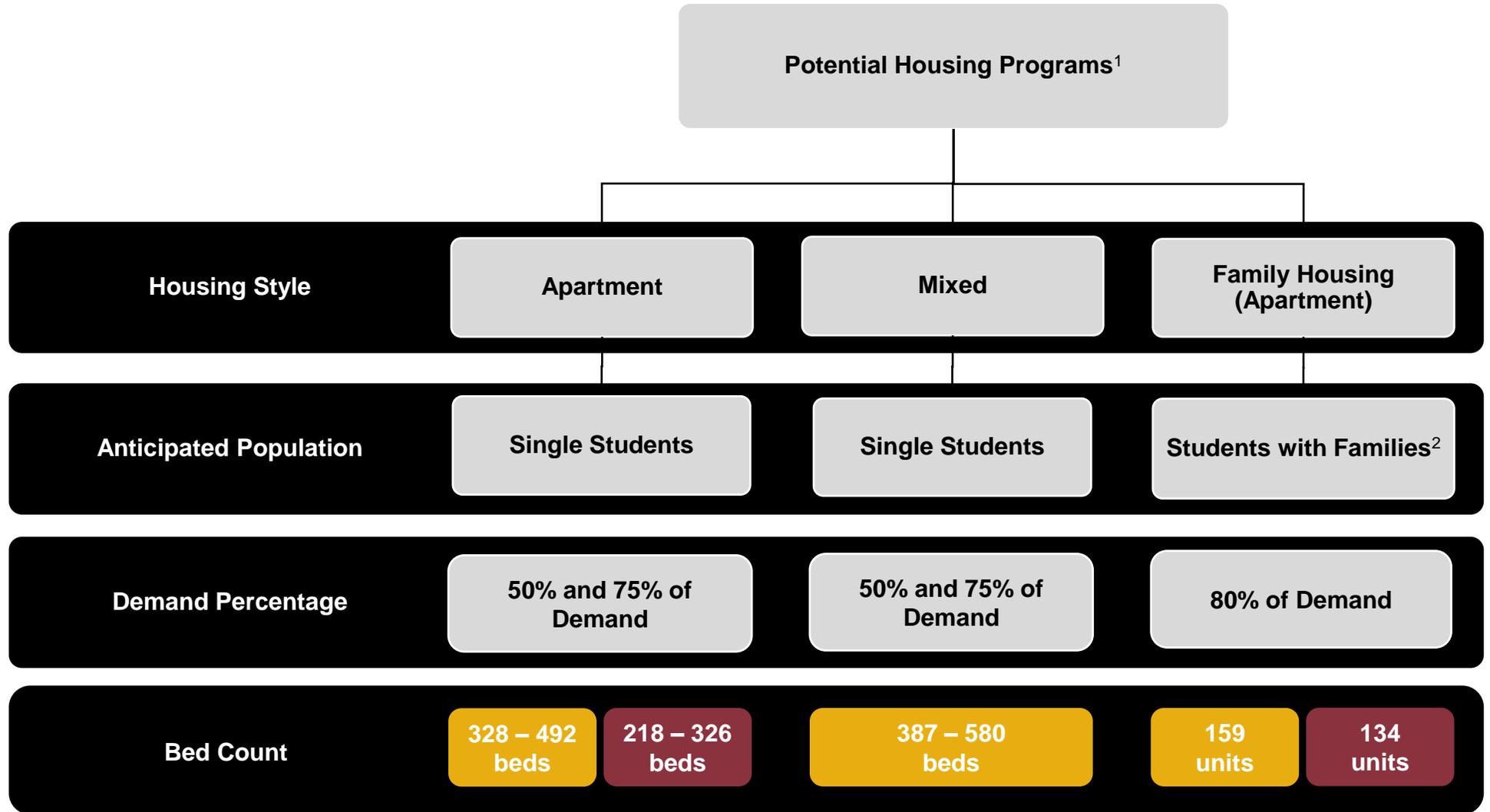
Program Development Approach

Scion developed five potential housing programs (“programs”) that varied in the following ways:

- Bed/unit count (conservative approach, modeling between 50% and 75% of total demand)
- Intended cohorts (serving single students or students with families)
- Unit types (traditional-style student residence or apartment-style student residence)

The following housing programs achieve financial viability (1.2 debt service coverage) for a P3 delivery method.

Potential Housing Programs

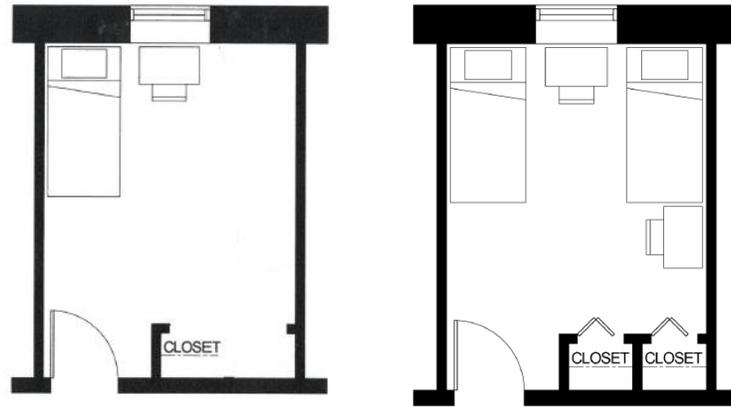


¹ Students with families are respondents who indicated they live with a spouse, dependent(s) and/or someone else for whom they are responsible.

² These programs are examples of viable programs that meet student demand preferences and should serve as a planning guide for next steps. This is not an exhaustive list of viable programs and Scion anticipates programs may evolve during a collaborative design process.

Floor Plans

Traditional Units



Single Occupancy (S)

Double Occupancy (D)

Apartment Units¹



Studio Apartment

One-Bedroom Apartment



Two-Bedroom Apartment

¹ Apartment units may also be offered as single (S) or double (D) occupancy to increase affordability for single students, as illustrated in the following potential programs.

Financial Analysis Assumptions

| Element | P3 Delivery |
|---|--|
| Loan Term | 40 years |
| Interest Rate | 4.75% |
| Hard Cost PSF | \$450 PSF – Escalated to \$493 PSF |
| New Construction Start | 10/1/2022 |
| Construction Duration | 23 months |
| Management Fee | 4.0% |
| District Support | Subordinated 15% of operating expenses for all tested programs. ¹ |
| Effective Occupancy | 92.5% - Single Student Program 94% - Students with Families Program |
| Summer Revenue | 5% of Gross Potential Rent of Mixed Program ² |
| Debt Service Coverage Ratio Requirement | 1.20 |
| Revenue YoY Escalation | 3.0% |
| Expense YoY Escalation | 2.0% |

¹ Subordination was modeled for 10 years but may be shorter based on project performance.

² Only based on the 34%-60% (depending on program) of beds with a 9-month contract.

Project Analysis Comparison

| Chabot College | Gross Square Footage | P3 |
|------------------------|-----------------------------|---|
| Project | | Estimated Total Development Cost |
| Mixed – 387 beds | 91,980 | \$70M |
| Apartments – 159 units | 100,140 | \$76M |
| Apartments – 328 beds | 102,840 | \$78M |
| Mixed – 580 beds | 137,880 | \$104M |
| Apartments – 492 beds | 152,760 | \$116M |

| Las Positas College | Gross Square Footage | P3 |
|----------------------------|-----------------------------|---|
| Project | | Estimated Total Development Cost |
| Apartments – 218 beds | 68,880 | \$52M |
| Apartments – 134 units | 84,720 | \$64M |
| Apartments – 326 beds | 102,240 | \$77M |

Rate Comparison *Chabot College*

| Unit Types | 2020 Off-Campus Market ¹ | | P3 ² | | | | |
|------------------------|-------------------------------------|----------|-----------------|----------|----------|----------|-----------|
| | Per Bed | Per Unit | 328 Beds | 492 Beds | 387 Beds | 580 Beds | 159 Units |
| | | | Per Bed | | | | |
| Traditional (S) 12 mo. | | | | | \$ 1,050 | \$ 1,028 | |
| Traditional (D) 12 mo. | <i>Units not found in market.</i> | | | \$ 980 | \$ 959 | | |
| Traditional (S) 9 mo. | | | | \$ 1,150 | \$ 1,128 | | |
| Traditional (D) 9 mo. | | | | \$ 1,080 | \$ 1,059 | | |
| Studio (S) 12 mo. | | \$1,457 | \$ 1,727 | \$ 1,716 | \$ 1,645 | \$ 1,610 | |
| 1 BR Apt (S) 12 mo. | \$2,160 | \$ 1,801 | \$ 1,789 | \$ 1,715 | \$ 1,678 | \$ 2,590 | |
| 1 BR Apt (D) 12 mo. | <i>Not found in market</i> | | \$ 1,470 | \$ 1,460 | \$ 1,400 | \$ 1,370 | |
| 2 BR Apt (S) 12 mo. | \$1,298 | \$2,596 | \$ 1,617 | \$ 1,606 | \$ 1,540 | \$ 1,507 | \$ 3,330 |
| 2 BR Apt (D) 12 mo. | <i>Not found in market</i> | | \$ 1,397 | \$ 1,387 | \$ 1,330 | \$ 1,302 | |

Notes:
 Rates in **red** indicate instances when the monthly per person rate is more than the off-campus market.
 Rates in **green** indicate when the monthly per person rate is less than the off-campus market.

2021 Updated Off-Campus Market³

Due to the impact of COVID-19 on rental rates, Scion conducted research on the current state of the rental market.

Zumper Research - Hayward, CA

Studio

- Feb. 2021 Average - \$1,895 per bed
- Difference from Jan. 2020* - **+\$438****

1-Bedroom

- Feb. 2021 Average - \$1,875 per bed
- Difference from Jan. 2020 - **-\$285**

2-Bedroom

- Feb. 2021 Average - \$1,175 per bed
- Difference from Jan. 2020 - **-\$123**

* Difference indicates the change between Scion's Jan. 2020 off-campus market analysis and Zumper's February 2021 Report.

** Limited data available

¹ All of Scion's off-campus analysis data points are adjusted to per month/per person and include adjustments for utilities and furniture.

² P3 rates are shown by bed or by unit depending on the program.

³ <https://www.zumper.com/rent-research/hayward-ca>

Rate Comparison *Las Positas College*

| Unit Types | 2020 Off-Campus Market ¹ | | P3 ² | | |
|--------------------------------|-------------------------------------|----------|-----------------|----------|-----------|
| | Per Bed | Per Unit | 218 Beds | 326 Beds | 134 Units |
| | | | Per Bed | | Per Unit |
| Studio (S) 12 mo. ³ | not found in market | | \$ 1,751 | \$ 1,739 | |
| 1 BR Apartment (S) 12 mo. | \$2,177 | | \$ 1,825 | \$ 1,813 | \$ 2,590 |
| 1 BR Apartment (D) 12 mo. | not found in market | | \$ 1,490 | \$ 1,480 | |
| 2 BR Apartment (S) 12 mo. | \$1,406 | \$2,811 | \$ 1,639 | \$ 1,628 | \$ 3,330 |
| 2 BR Apartment (D) 12 mo. | not found in market | | \$ 1,416 | \$ 1,406 | |

Notes:
 Rates in **red** indicate instances when the monthly per person rate is more than the off-campus market.
 Rates in **green** indicate when the monthly per person rate is less than the off-campus market.

2021 Updated Off-Campus Market⁴

Due to the impact of COVID-19 on rental rates, Scion conducted research on the current state of the rental market.

Zumper Research - Livermore, CA

Studio

- Feb. 2021 Average - \$2,700 per bed
- Difference from Jan. 2020* - **+\$1,050****

1-Bedroom

- Feb. 2021 Average - \$1,870 per bed
- Difference from Jan. 2020 - **-\$307**

2-Bedroom

- Feb. 2021 Average - \$1,198 per bed
- Difference from Jan. 2020 - **-\$208**

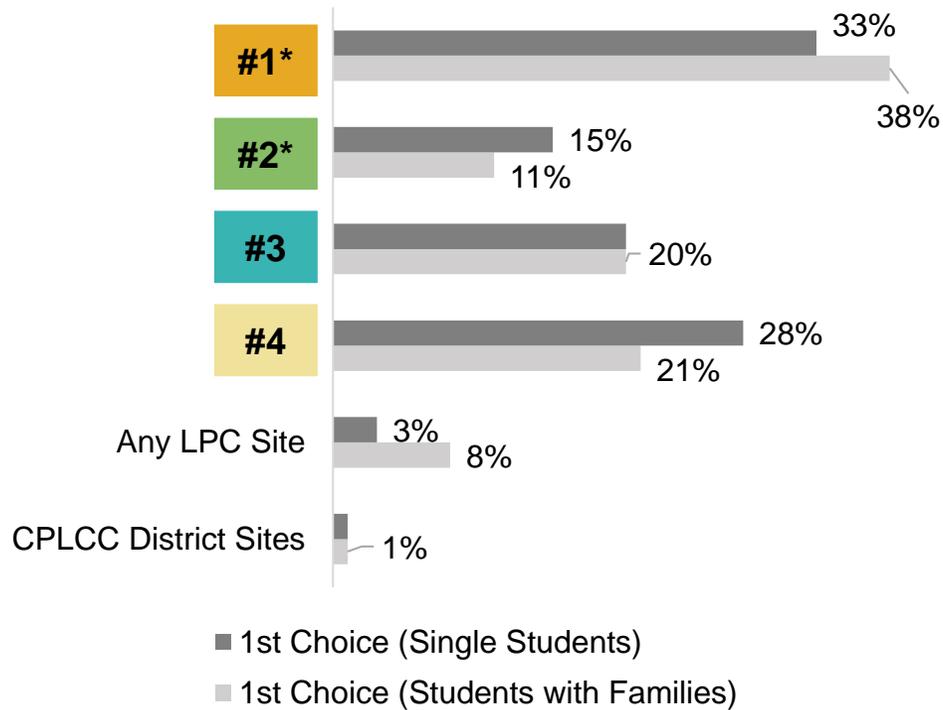
* Difference indicates the change between Scion's Jan. 2020 off-campus market analysis and Zumper's February 2021 Report.

** Limited data available

¹ All off-campus market rates are per month/per person and include adjustments for utilities and furniture.
² P3 rates are shown by bed or by unit depending on the program.
³ No available studio units were found at time of analysis.
⁴ <https://www.zumper.com/rent-research/livermore-ca>

Location Preference

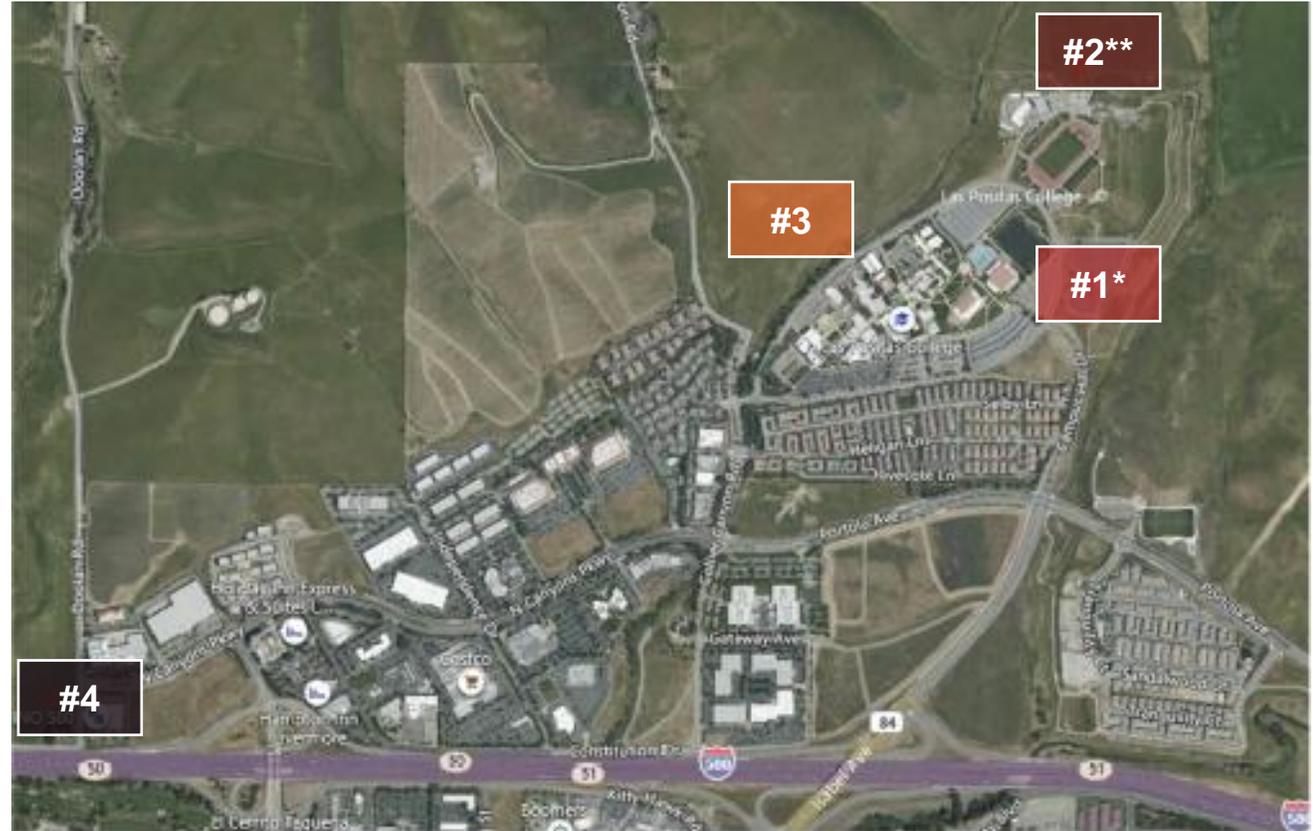
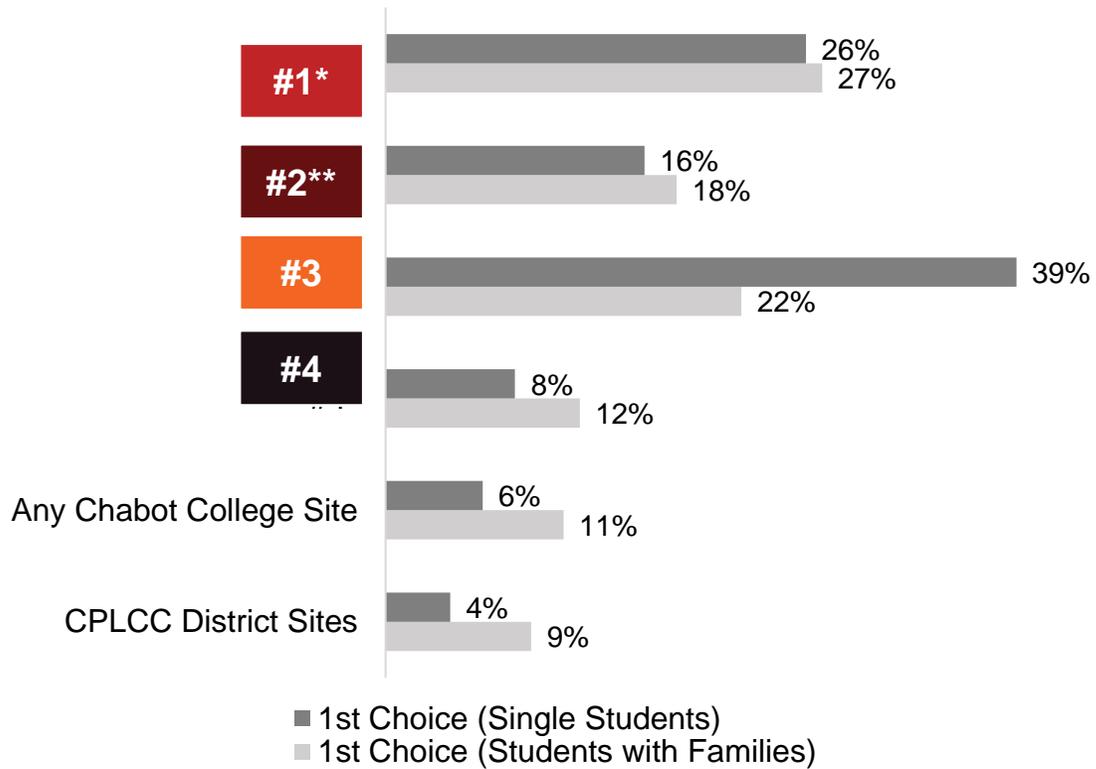
Chabot College



* Indicates District owned property.



Location Preference *Las Positas College*



* Indicates District owned property.

** Indicates District or Livermore Venture Property owned

Site Considerations

Several factors to consider such as:

- Proximity to campus
- Ownership/cost of acquisition
- Safety and security
- Topography
- Access to utility connections
- Impact on student experience
- Access to food and retail

Site Evaluation Matrix

| Question | Site #1 | Site #2 | Site #3 | Site #4 |
|--|---------|---------|---------|---------|
| Address? | | | | |
| Lot(s) and square(s)/multiple parcels? | | | | |
| Size (SF)? | | | | |
| Boundaries (streets, alleys, etc.)? | | | | |
| Existing building(s)? | | | | |
| Existing building(s) physically connected to adjacent building(s)? | | | | |
| Existing uses? Tenants present? Lease status for existing tenants? | | | | |
| Adjacent uses? | | | | |
| Existing curb cut(s)? | | | | |
| Any unique deed restrictions/covenants? | | | | |
| Zoning? | | | | |
| In or abutting a Protected Zoning District? | | | | |
| Site in area specifically targeted for change in latest Comprehensive Plan, update, or other municipal planning documents? | | | | |
| Ownership? | | | | |
| Last assessed value? | | | | |
| Last sale value? | | | | |
| Known adverse environmental conditions? | | | | |
| Known adverse geotechnical issues? | | | | |
| Adjacent or proximate to watershed(s)? | | | | |
| Severe grade changes? | | | | |
| Large culper trees present in front and/or side set-back areas? | | | | |
| Historical designation? | | | | |
| Distance from campus? | | | | |
| Distance from transportation hubs (rail, bus, bikeshare, etc.)? | | | | |
| Distance from food, general merchandise, and service retailers? | | | | |
| Distance to major highway? | | | | |
| Police district? | | | | |
| Last crime statistics report for reporting area and comparison with City-wide statistics? | | | | |
| All historical documents for the site (market studies, Phase 1 or 2 environmental reports, geotechnical studies, appraisals, title reports, development feasibility analyses, etc.)? | | | | |

Advancement

Summary



Study concluded there is demand for student housing at both Colleges, which would support College and District objectives.

Chabot College: 656 – 773 single student beds and 199 units for students with families
Las Positas College: 435 – 546 single student beds and 133 units for students with families



Single-student programs at 50% - 75% of demand with single & double occupancy apartments achieve project feasibility at both Colleges; a mixed program with apartments and traditional units is also feasible at Chabot College. Apartment programs for students with families at 80% of demand is feasible at both Colleges.



Most preferred location at Chabot College is District-owned. Most preferred location at Las Positas is not District-owned, but the District does own the second most preferred location. Building on a District-owned site is important for project feasibility.



Market changes in the past year impacted the housing market, including a decrease in off-campus rental rates.



The P3 delivery method achieves District's interests in balancing risk and control while maintaining debt capacity.

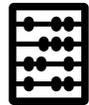


Determined some level of District participation is required to achieve feasible programs based on demand and construction costs.

Recommendations



Confirm interest in housing at both campuses.



Determine preferred notional program.



Conduct site selection analysis for each campus.



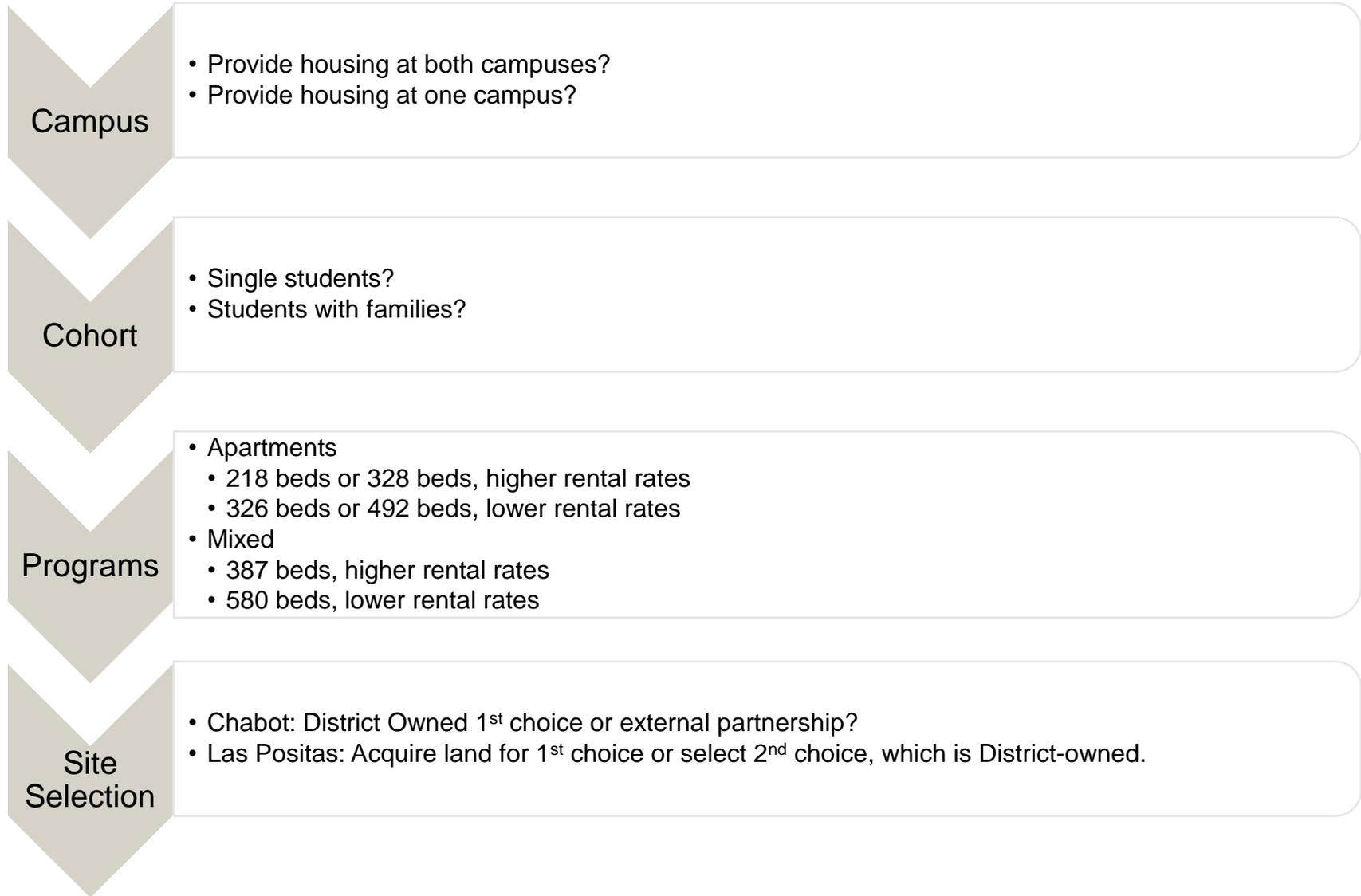
Test preferred notional program.



Obtain appropriate approvals to begin the procurement process.

Decisions

The following decisions will advance the previously stated recommendations.



P3 Overview

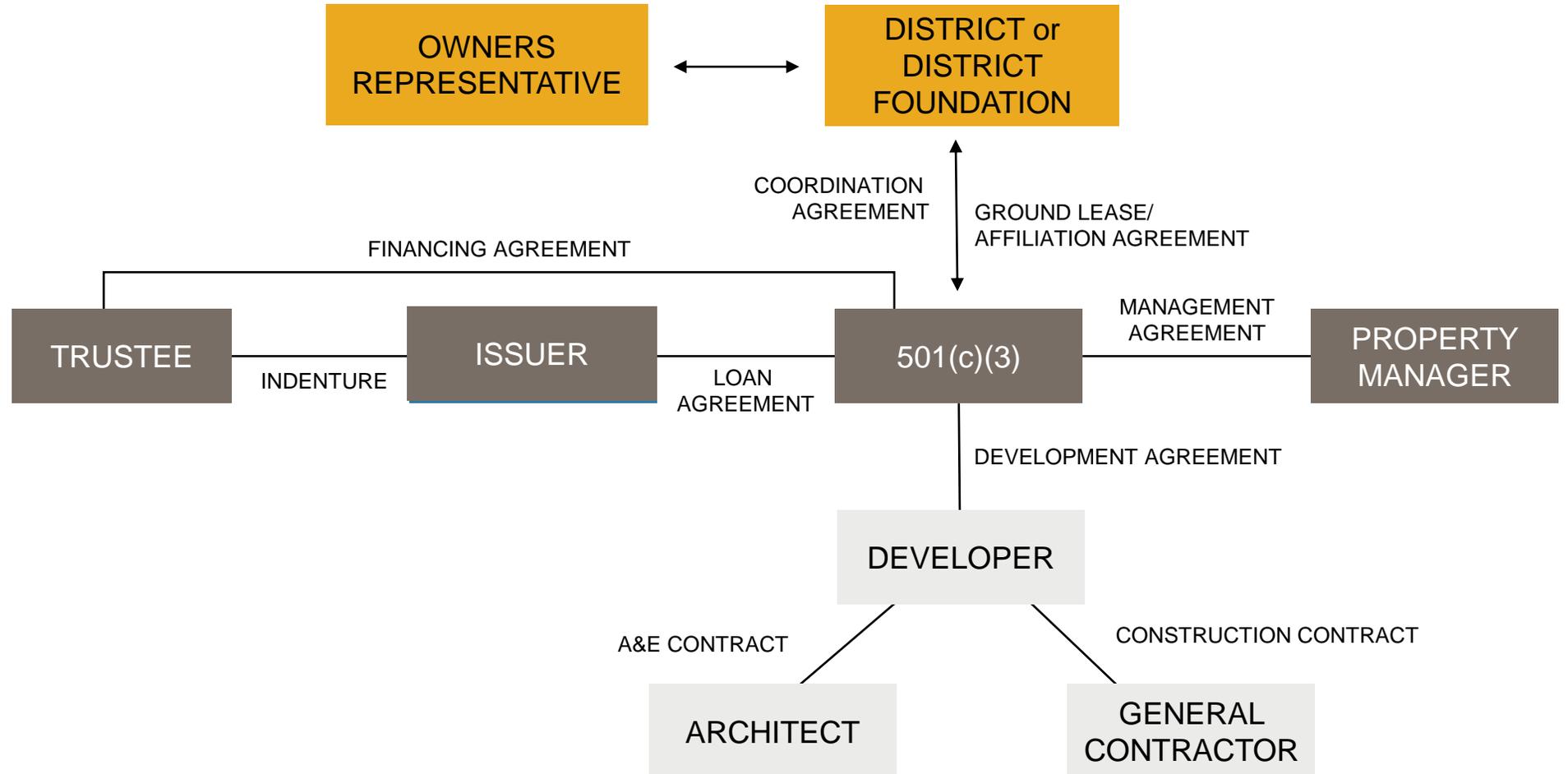
Characteristics of a Public-Private Partnership

- A Public-Private Partnership primarily consists of a developer, architect, builder, financing entity.
- Ownership of the Project (campus housing improvements on District-owned land) is transferred to a not-for-profit/501(c)(3) entity and site control is conveyed through a ground lease, which is usually terminable after Project financing is paid off.
- A pre-development exists between the District and the Developer until financial closing and defines areas of responsibility and risk.
- A 3rd party management entity or the District holds an agreement with the Owner. This agreement is typically from 3 – 5 years. A responsibility matrix will indicate if the Foundation, District, or Manager will provide residential life and/or facilities management.
- Upon repayment of the bond debt and expiration or termination of the ground lease (approximately 30 – 40 years), ownership of the Project is transferred to the District.

Common P3 Questions

- How is the Project financed?
- Will the College / taxpayers be at risk?
- How much will this cost the College?
- Where are the risks?
- How is institutional control maintained?
- What are our options?
- What is the length of a public-private-partnership?

P3 Structure



Potential Credit Impact Considerations

- Location
- Ground lease terms & conditions
- Share of student residences
- Targeted student market segment
- Student services & residential life component
- Rental rate determination
- Marketing and management
- Project assistance (direct & in-kind)
- Cash flow
- Construction risk
- Non-compete clause and first-fill agreements
- Application of financial aid
- Room type / unit mix
- Guarantees and supports

Source: Moody's Investors Service

Process Milestones

Market and Demand Analysis

Financial Feasibility Analysis

Update Market Study

Procurement Process

Pre-Development Negotiations

Design

Closing Documents Negotiations

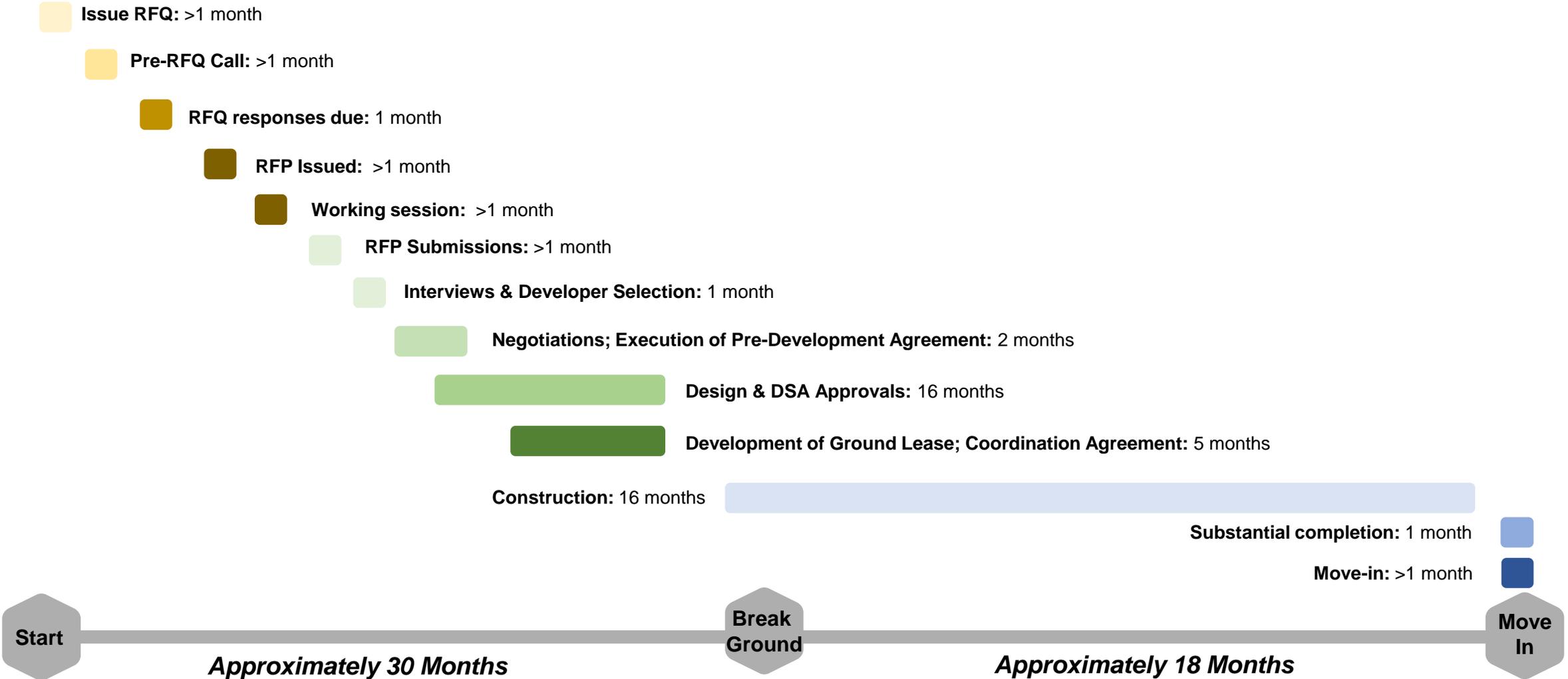
Financial Close

Construction

Opening

Ongoing Management and Residence Life

Example Timeline





Discussion