Chapter
Housing: Market Update
The Next Generation of Student Housing

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President/CEO
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PENNINGTON & COMPANY

• Consulted more than 590 house corporations on 124 college campuses
• Raised more than $450 million in support of Greek life
• $70 million raised in 2014 alone; 43% non tax-deductible
$588,913,157
Fraternity Foundation Assets

$6,100,311,931
Fraternity Real Estate Replacement Value

$588,913,157
Fraternity Foundation Assets

Foundation Assets from IRS 990 reports; Replacement Cost Values provided by MJ Insurance, James R. Faver, and Willis Insurance
Fraternities & Sororities:

Largest not-for-profit student landlord

250,000 students in 8,000 facilities

Yesterday
Today

Students Want
Students Want

Students Want
Students Get

“Hotel” Experience rather than a “College” Experience
Residential facilities on campus are the 2nd most important factor in the decision making process.

Student Life

Do You Understand Your Users?

The two most common goals sought by students and institutions today are:

Community
Privacy

- The first year experience is all about establishing a new community.
- Double rooms are still expected for freshmen while single rooms are increasingly preferred by upperclassmen, particularly seniors

Courtesy of Harvard Graduate Study
College students spend 70% of their time within their living environment.

"Where you live influences who you know: Differences in student interaction based on residence hall design." Brandon, Alison, Joan B. Hirt, and Tracey Cameron. The Journal of College and University Student Housing

WHO IS OUR COMPETITION?
Residence Halls

The median residence hall being constructed in 2014 cost $34.05M

117,983 sq. ft

370 students

From College Planning and Management 2014 Construction Report
## Residence Hall Accommodations

### Sleeping Arrangements

<table>
<thead>
<tr>
<th>Percentage of students in</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One-person rooms</td>
<td>15.3%</td>
</tr>
<tr>
<td>Two-person rooms</td>
<td>53.7%</td>
</tr>
<tr>
<td>Four- to eight-person rooms</td>
<td>30.9%</td>
</tr>
</tbody>
</table>

### Bathroom Arrangements

<table>
<thead>
<tr>
<th>Number of students sharing bathrooms</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One or two</td>
<td>39.0%</td>
</tr>
<tr>
<td>Three or four</td>
<td>25.3%</td>
</tr>
<tr>
<td>More than four</td>
<td>35.7%</td>
</tr>
</tbody>
</table>
Median Cost Per Square Foot

$236

Median Cost per Bed

$79,892
Median Square Feet Per Bed

333 sq. ft.

Residence Halls

Renovations/Upgrades

- Renovations have been put on hold due to budget constraints: 12%
- Renovations are underway: 62%
- No major renovations have been planned: 26%
Apartments

1 - 4 person living arrangements
Private / Group Study Areas
Private bathrooms
Exercise / Recreation Rooms
TV Lounges
Food Service Options
Laundry Facilities
Internet Access and Cable TV
Other Greek Housing

Age of Chapter Housing

1949 & earlier: 49%
1975 - 1989: 8%
1990 - 2014: 13%
1950 - 1974: 30%

* Information on age of facilities provided by MJ Insurance and Willis Insurance
Deferred Maintenance

Image – Interior Doesn’t Meet Needs of Today’s Student
Fire Safety

43% of chapter houses are not yet equipped with fire sprinklers!
Comply with local building and fire codes...
Security
Security

Security
Unit types
Sleeping / Study Rooms

Sleep/Study
Amenities

- Small Group Study / Media
- “Business Center”
- Exercise Rooms
- Increased Storage
- Enhanced Meal Services
- Laundry
- Vending Areas
“...what we lack in facilities, we must be able to make up in adequate staff/customer service.”

House Mother
Property Manager
House Association

Facility Director
Chef/Cooks
Parent Associations

Reflection of Your Organization

Vision
- Who Are We?
- What Do We Care About?

• This Is Your Brand,
  Your Reason Why!
Point of Pride

- Residents & Alumni
- Parents
- Greeks
- College or University
- City
- National Organizations

“This is where I Live(d)”
$1B of Construction Ready Projects

Financing

- Debt (short & long) 40 - 60%
- Down Payment 20%
- Fundraising 20 - 60%
Average Tuition & Fee and Room & Board Charges

College Board Region and Sector, 2013-14 (Enrollment-Weighted) (collegeboard.com)

Questions?

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Keys to Success

1. Understand your housing market

2. Define your value and charge room/board accordingly

3. Develop your facility plans with financing in mind
Costs...

- Scope
- Quality
- Cost
- Performance
- Schedule

Proforma...
Define Project Performance

- Revenue
  - Room
  - Board
  - Fees

- Financing
  - Project Cost
  - Down Payment / Fundraising
  - Mortgage

- Expenses
  - Debt Service
  - Maintenance / Capital Improvements
  - Utilities & Building Operations
  - Insurance & Contingency
Costs...

- **Construction Costs:** Cost of Building the project
- **Development Cost:** (20-30% Construction Costs)
  - Construction Costs plus...
  - Site Acquisition
  - Utility relocation
  - Hazardous Abatement
  - Street Improvements
  - Development Fees
  - Site Survey
  - Soil Borings
  - A/E Fees
  - Drawing reproduction
  - Testing and Inspections
  - Furniture, Equipment
  - Telephone / Data
  - Moving Expenses
  - Financing Costs
  - Legal Fees
  - Contingency (5-10% of construction)
  - And lots more...

Super Suites
Project Team

- Fraternity Headquarters
- Undergraduates
- Alumni / Alumnae
- Legal Counsel
- Greek Fundraising Consultant
- Contractor
- Structural Engineer
- Civil Engineer
- M/E/P Engineer

House Corporation

Greek Life Architect
$7,000,000,000
Fraternity Real Estate Replacement Cost

$588,913,157
Fraternity Foundation Assets

Building Community
Variety of Room Types
Home - Block - Neighborhood - Village
- Provide privacy & sense of personal space, but intentionally create spaces where student connect with each other (bathrooms, stairwells/landings, etc.) and can congregate (dining room, media room, chapter rooms)
What is the benefit of facility in the recruitment process?

“*To qualify as educational space, an area MUST be exclusively educational; meaning there is no mixed use.*”
Educational Spaces

- Libraries
- Computer Rooms
- Study Halls
- Group Study Rooms
- Individual Study Rooms (w/o beds)
- Educational Storage (test files)
- Project Areas / Drafting / Graphic Arts

Non-Educational Spaces

- Kitchen
- Bathrooms
- Dining Rooms
- Chapter Room
- TV / Recreational Room
- Living Rooms
- Bedrooms / Sleeping Dorms
Educational vs. Non-Educational

Figuring Educational Space

Total Square Footage

“Exclusively Educational” Space

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Educational vs. Non-Educational

100% Non-Educational

Sleeping / Study

100% Educational

Study w/ Sleeping Dorm
Educational vs. Non-Educational

- 40% Educational
- 60% Non-Educational

Current Legislation

THE COLLEGIATE HOUSING AND INFRASTRUCTURE ACT
(H.R. 1449/S.654)

Allows tax-deductible contributions to fraternity and sorority foundations to be used for the renovation or new construction of Greek housing (except for physical fitness equipment, pools, and hot tubs).

104 sponsors in House; 13 sponsors in Senate as of 7/14/2014
www.fspac.org
Educational vs. Non-Educational

Figuring Educational vs. Non-Educational Space

• Determine the total square footage of the building, excluding ancillary space
  • Corridors
  • Stairways
  • Vestibules
• Determine the total square footage of “exclusively educational” space
• Determine the total square footage of non-educational space
• Divide “exclusively educational” space by total square footage
  • Resulting percentage is “exclusively educational”
• Divide non-educational by total square footage
  • Resulting percentage is non-educational
• These same percentages also apply to ancillary space

*Plan your construction/renovation with educational space in mind!

Housing Trends Presentation

Intro - who I am/why I know about this stuff
Fraternities largest not-for-profit student landlord
Fraternity Housing Expectations
  Yesterday
  Today
  Wants
  Gets
Why is this important? - Residential facilities are 2nd most important factor
Issues
  Deferred Maintenance
  Image
  Fire Safety
  Security
Idea of Developing Community
Trend Areas
Unit Types
  Single Rooms
  Study/Sleep
  Suites/Apartments
  Mix of room types to satisfy upperclassmen and add variety
Amenities
  Night Kitchens
  Small group study and project rooms
  Board rooms / business offices (even alumni office)
  Exercise/fitness areas
  Laundry/Vending
  Technology
  Retaining “Senior” Leadership
  Parking
Housing Trends Presentation

$588M in Foundation assets
$7B in Housing Assets (based on Replacement Value)

2nd most important factor to where student goes to school

Financial health