



Santa Ana College

STUDENT HOUSING FEASIBILITY STUDY SURVEY UPDATE

December 29, 2020




Student Housing Feasibility Analysis

PROJECT OBJECTIVES

1. Confirm the **strategic objectives of Santa Ana College** and establish **decision-making criteria** that supports an inclusive yet efficient planning process
2. Evaluate the **proposed housing project with Northgate** to determine if goals align with Santa Ana College
3. Develop an **affordable student housing plan** that achieves Santa Ana College's goals
4. Craft the **financial ownership and management structure** that provides the most value to the College and its students

Project Schedule

FEASIBILITY STUDY TIMELINE

Student Housing Feasibility Study		
	Market & Demand Analysis	Financial Analysis & Recommendations
	- Doc + Data Request	- Off-Campus Housing Market Analysis
	- SAV Work Session	- Survey Launch
	- Student Focus Groups	- Survey + Demand Analysis
		- Financial Analysis
		- Presentation of Findings
		- Briefing Document + Final Recommendations



Project Schedule

LONG-RANGE OUTLOOK



Strategic Framework & Project Priorities

Establish criteria for success and how project supports College's Strategic Vision



Quantitative Research & Demand Analysis

Student survey to determine housing preferences, current living situations, and other key issues



Value-for-Money Analysis

Identify best transaction model for the College to develop housing (self-finance vs. P3)



Decision-Making Materials

To ensure the project moves forward into development



Design & Entitlements



Stakeholder Engagement & Off-Campus Analysis

Understand potential housing needs and the associated existing off-campus costs



Financial Analysis

To connect the project's capital costs and operating costs to determine rental rates and operations structure



Indirect Costs Evaluation

To assess costs that the College may experience as a result of housing, such as, public safety, student conduct, library services, etc.



Developer Selection / Negotiation Process

To engage in a solicitation process to identify the right partner for the housing project; develop a pre-development agreement to establish shared commitments during development process



Construction



We are here

Public-Private Partnerships

P3 HOUSING SPECTRUM

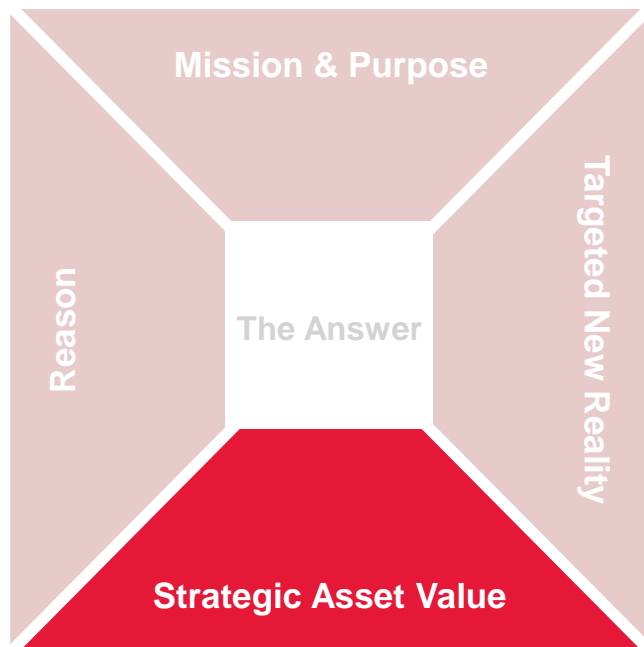


Community College Housing Examples

Institution	Proximity to Campus	Bed Counts	Amenities	Development / Operation Structure
Orange Coast College	On-campus	823 Apartment Beds (Studio/1BR/2BR/4BR)	<ul style="list-style-type: none"> • 12 Month Leases/Academic Year Leases • Utilities included • Full furnished modern apartment • On-site laundry, social/study lounges, bike storage • Residence life programs and events 	<ul style="list-style-type: none"> • Privately managed with college input on residence life • Tax-Exempt Bond Financed • Provide Financial Assistance to students
Cerritos College	"...within walking distance of Cerritos."	28 Townhome Beds (Seven 3BR 3BH Townhomes)	<ul style="list-style-type: none"> • Kitchen, laundry, garage • Security and maintenance • Case Manager, Program Assistant and Manager living on-site 	<ul style="list-style-type: none"> • Property secured by the Cerritos Community District general fund • Housing at subsidized rates / no-cost for students from the age of 18-25 facing homelessness until graduation • Partner with Jovenes, Inc., a local non-profit organization, who master leased the units and oversees daily operations
Lake Tahoe Community College	3 miles	30 Apartment Beds (Five units of 3BR 1.5BH Apartments)	<ul style="list-style-type: none"> • Free bus • Utilities, internet, snow removal, weekly cleaning service, water, sewer and garbage fees included • Laundry on-site 	<ul style="list-style-type: none"> • Master lease (College signed a 5-year lease with a local apartment building owner) • College and the property owner manage together
Shasta College	On-campus	126 Traditional Beds (Single/Double Occ)	<ul style="list-style-type: none"> • Furnished rooms • Common area: kitchen, TV lounge, mailroom, computer workstations, and laundry facilities 	<ul style="list-style-type: none"> • 2 residence halls built in the 60s; Remodeled in 2007 • College self-financed / self-operated

Institutional Framework

PORTFOLIO OF ASSETS MUST BE PRIORITIZED



What is the ideal combination of performance **outcomes, capacities, and attributes** that must be produced by a specific asset or asset class to drive SAC toward its targeted new reality.



Institutional Framework

CONSTRUCT FUNDAMENTALS PERTINENT TO HOUSING

What ideal mix of future **outcomes**, **capacities**, and **attributes** must SAC achieve to deliver on its mission & purpose?

Outcomes – Products and Performance Metrics

- Students thrive through completion of their educational goals as transfers to four-year universities or within the local workforce
- Maintain no statistically significant attainment, persistence, or completion gaps among students of varying socioeconomic backgrounds
- Students contribute to the economic and civic vitality of Santa Ana and beyond

Capacities – Productive Assets

- Comprehensive financial capacity to make a SAC education accessible to every household in Santa Ana
- A flexible infrastructure of counseling, advising, and guidance to address students' social, emotional, and educational challenges
- Scale and composition of courses and programs that increase program pathway completion and align with employer needs
- Community-wide relationships with community leaders, families, and high school counselors to facilitate outreach and engagement opportunities
- Strategic partnerships with public and private entities to provide workforce opportunities within local business sectors
- Quantity and quality of employees that serve and support students towards their academic goals

Attributes – Brand Characteristics

- A campus population (students, faculty, & staff) mirroring the demography of the service area
- Inclusive environment that respects and integrates the diverse backgrounds of the community
- SAC creates engaging, civic-minded, innovative, artistic, and productive students who are global citizens
- Primary local source of skilled labor and significant contributor in meeting regional workforce needs
- Reputation within the Santa Ana community as the institution of choice for local students
- Faculty / staff foster a professional mindset that is student success-centered

Strategic Asset Value

PLANNING FOR A TARGETED NEW REALITY



Defining SAC's mission, purpose, strategic goals, and targeted new reality are four interconnected **outcome categories**.

The categories must be evaluated through a **strategic asset value analysis** for their importance and current attainment levels.

SAV Process

MIND THE GAP

Results are synthesized into a set of criteria that articulate the attributes that this project at Santa Ana College must achieve related to:

Quantity & Location of Student Housing

Target Markets / Unit Typology / Programmatic Requirements

Financial Accessibility / Quality Reconciliation

Required Financial Performance & Institutional Will

Strategic Framework

SUMMARY OF FRAMEWORK FINDINGS

Quantity & Location of Student Housing

Housing will provide living opportunities for **students who need it most** and relies on demand to determine the specific quantity. Preferably, housing is **located on the SAC campus** not only to **maximize the great resources available** at the College but to **adequately serve the needs of students** living within the city of Santa Ana and nearby communities.

Housing will be **integrated into the larger framework of campus resources** that intersect with Guided Pathways efforts. Housing should provide **convenient access to services and tools** that will help them achieve their goals in a timely manner.

Target Markets / Unit Typology / Programmatic Requirements

The general target market of students is identified by **those who need it most** and would likely need subsidization from SAC or other financial support. Unit and programmatic requirements reflect a **product type that is safe, secure, convenient, and affordable**. Units will not be highly amenitized or large in size, except to address market rate needs.

Amenities are geared toward **helping students excel academically** while allowing for organic forms of diverse community to be developed as is experienced on the campus in existing student life facilities.

Housing quality is **not intended to be competitive with the market** but still should provide adequate accommodations comparable to other local institutions.

Financial Accessibility / Quality Reconciliation

Housing is not intended to compete with the local off-campus housing market but instead to **provide an affordable on-campus option to as many students as deemed appropriate based on market demand**.

Housing must remain affordable and **subsidization for some or most students is necessary to ensure those who need housing most are able to utilize it**. Additional support may come from traditional financial aid, as well as federal or grant financial assistance. **Partnerships with private or not-for-profit entities is likely required**.

Required Financial Performance & Institutional Will

Housing is **not intended to be primarily for financial gain**. If appropriate, a ground leasing opportunity with a private student housing developer should be considered.

Primary goal still remains to **make student housing affordable to students while providing strategic resources** that intersect with ongoing Guided Pathways efforts.

Housing may need to be **funded through larger philanthropic or partnership efforts** with local or regional agencies if limited internal resources are available.

Student Survey

Survey Overview

TOTAL RESPONSES

Total Responses: 1,615 (out of 14,298 emailed)

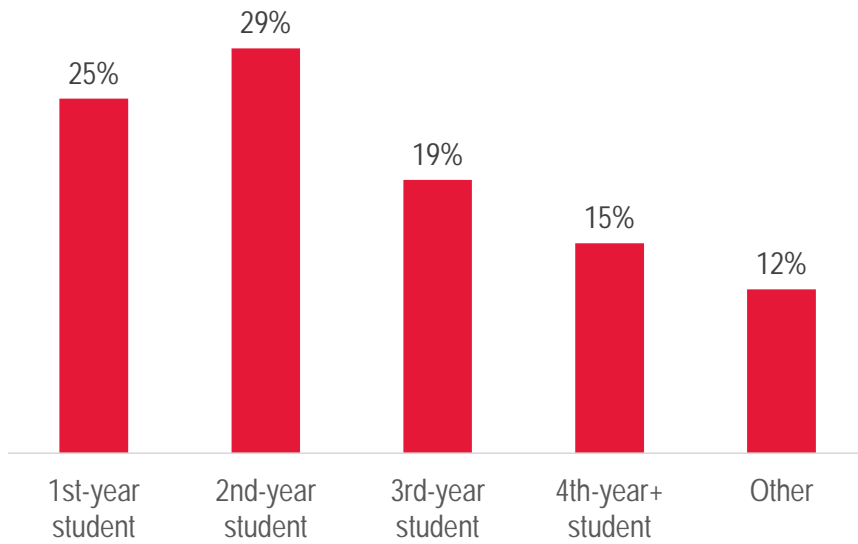
Total Participation Rate: 11.3%

Email population consisted of:

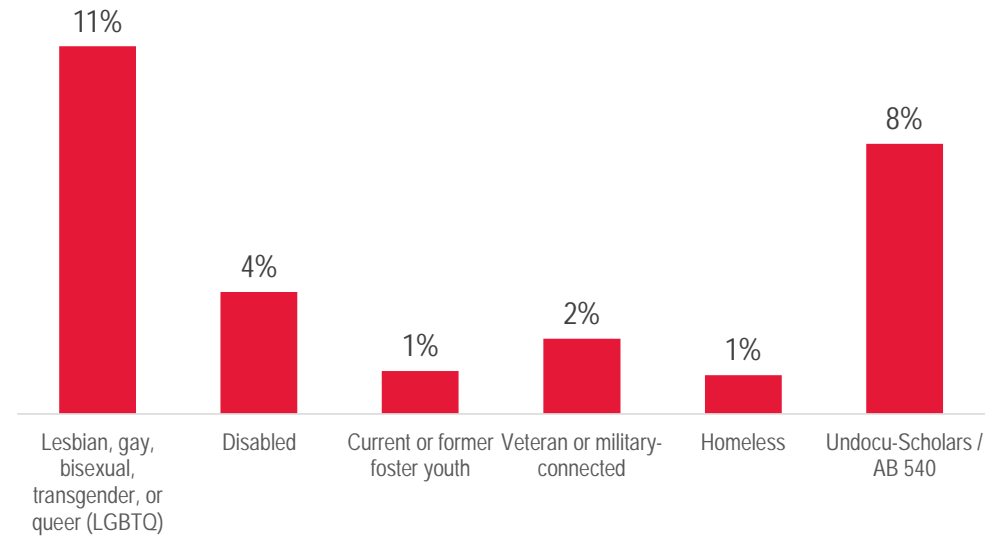
- All credit-based,
- Bachelor degree students
- Online students
- Students within & outside of District boundaries
- International students
- Out-of-state students



Enrollment Classification



26% (451) Respondents identified as the following groups

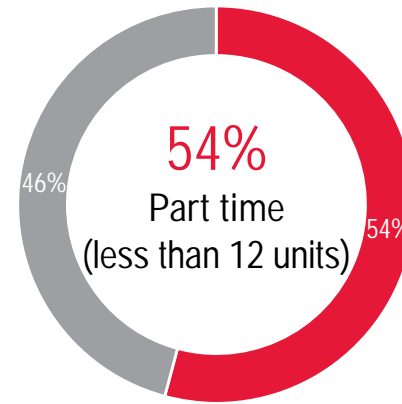
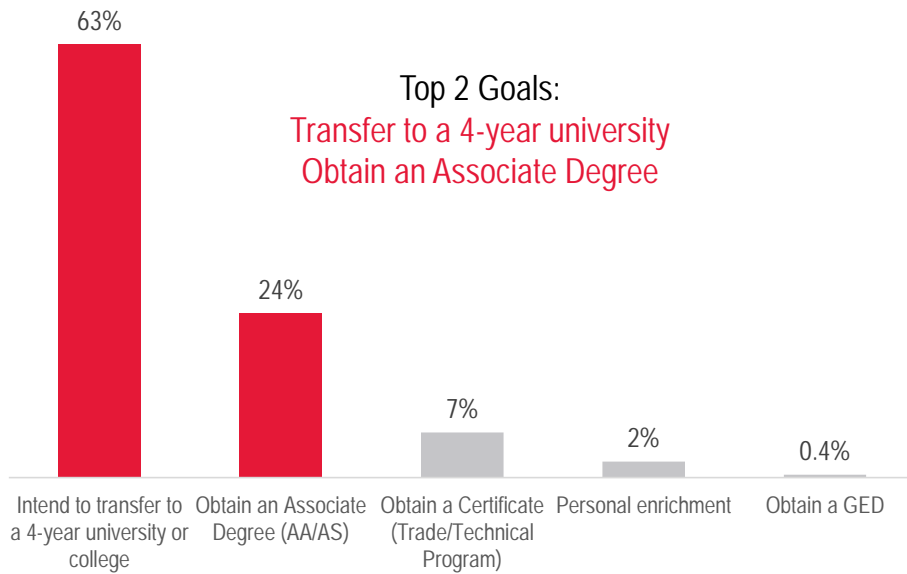


Survey Overview

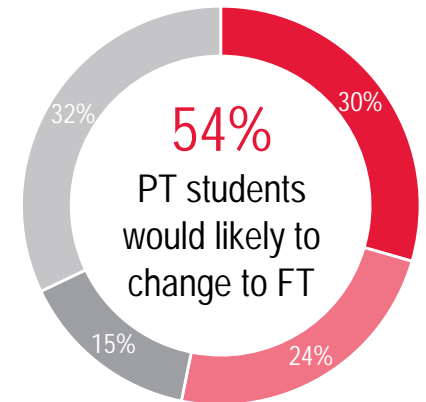
GENERAL PROFILE



Educational Goals



- Part time (less than 12 units)
- Full time (12 or more units)



- Very likely
- Somewhat likely
- Somewhat unlikely
- Very unlikely

Survey Analysis

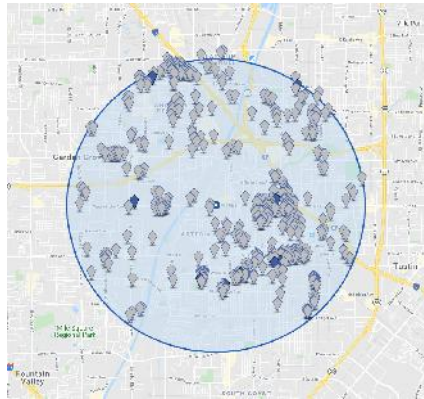
MARKET RATE ANALYSIS



OCC Studio

\$1,850/month

*Including utilities



Average Off-campus Studio

\$1,408/month

*Not including utilities



Tested rate for proposed studio

\$1,500/Month

Survey Analysis

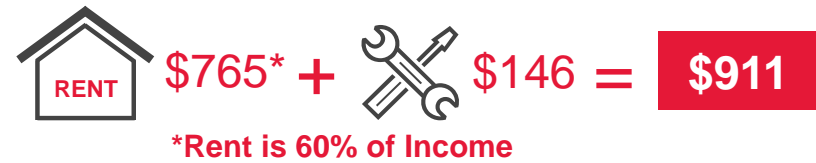
COST OF LIVING



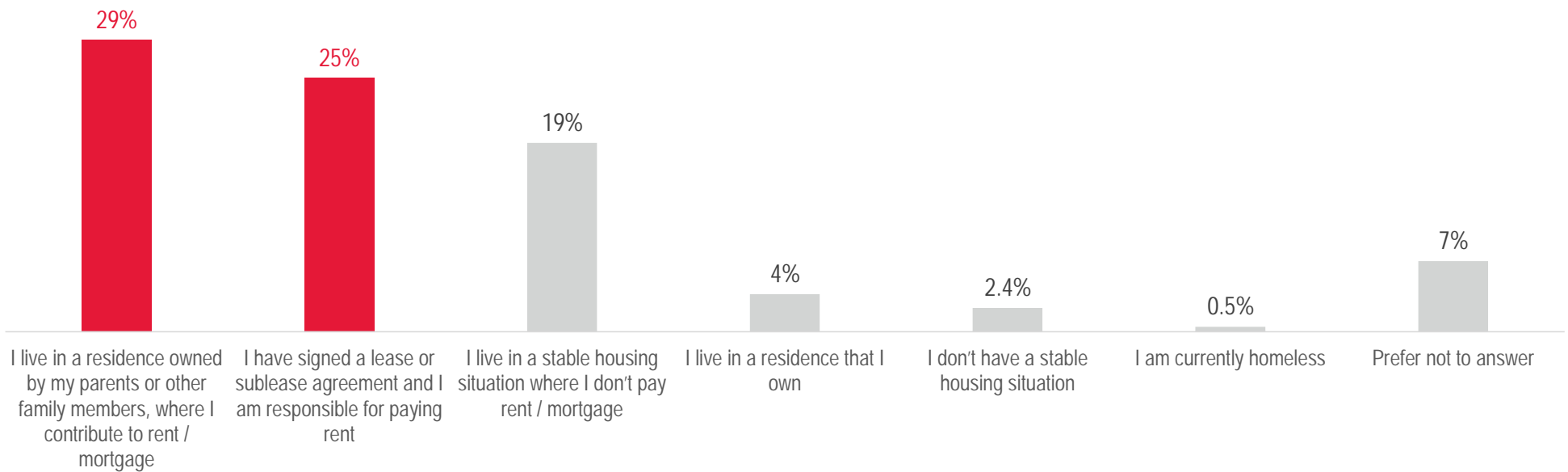
Avg. Monthly Income



Avg. Monthly Living Cost



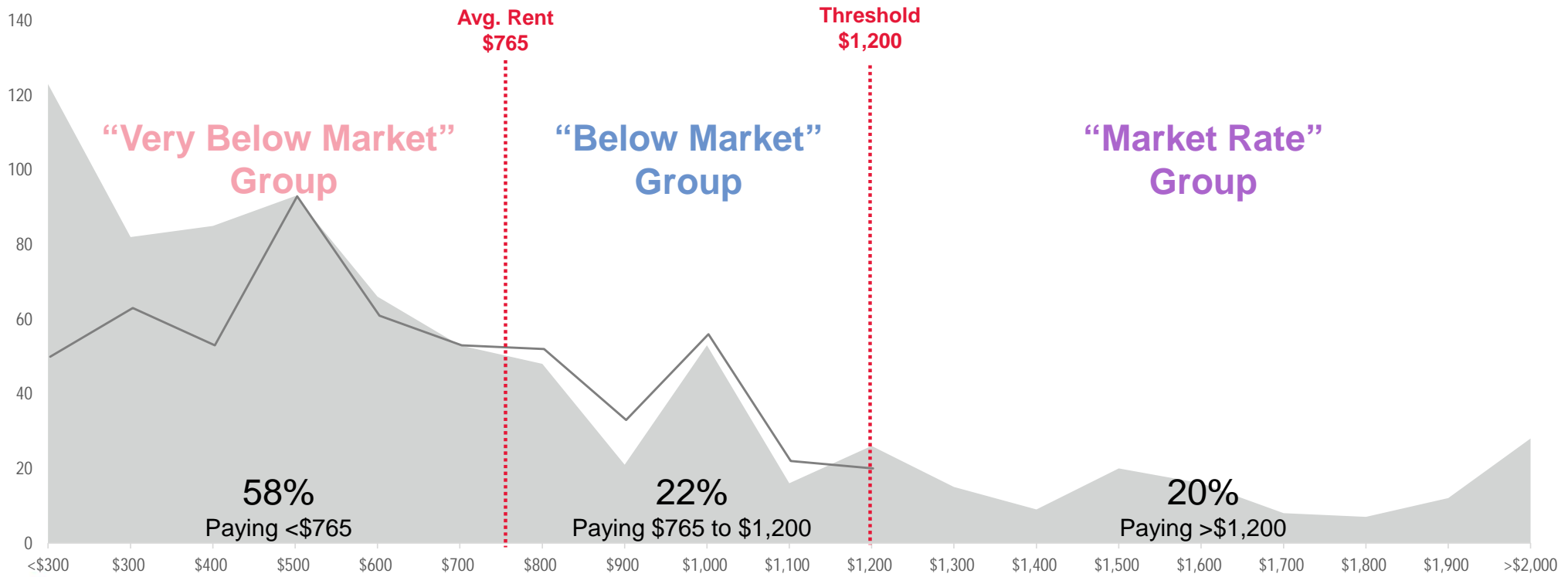
54% (871)
Respondents are renting



Survey Analysis

RESPONDENTS WHO ARE RENTING

Among all students in the survey **54%** of respondents are renting



Survey Results

“MARKET RATE” GROUP – CURRENT LIVING SITUATION

182 paying more than \$1,200 on rent every month, **46 (25%)** of them indicated “very likely” or “somewhat likely” to live in the proposed studio.

Income Rent



63% Signed a lease/sublease agreement and responsible for paying rent
20% Living in a place owned by family where they contribute rent



76% Living on Personal Income
\$1,702 Avg. Monthly Income

Average Total Monthly Personal Cost of Living

$$\begin{array}{c} \text{RENT} \\ \text{---} \\ \text{---} \\ \text{---} \end{array} + \text{---} \text{---} \text{---} = \text{---} \text{---} \text{---}$$

\$1,477 + **\$185** = **\$1,662**



48% of them have spouse or child(ren)
87% of them are currently living with family (parents, relatives, child(ren) or spouse/partner)

Housing Financial Support



2% Reported receiving housing financial support currently
\$200 HFS per month

Potential Support Needed of

\$0/mo.

**to afford living in a market rate
single occupancy unit (\$1,500)**

Survey Results

“MARKET RATE” GROUP – DEMAND ANALYSIS

Maximum Potential Student Demand

Age	Enrollment	Capture Rate	Maximum Potential Demand	Occupancy Coverage Ratio	Recommended Capture Rate	Recommended Program
19 or under	5,517	1%	77	1.50	1%	51
20-25	7,836	2%	160	1.20	2%	133
26-29	3,174	4%	134	1.30	3%	103
30-39	4,797	2%	80	1.50	1%	53
40-49	2,978	0%	10	1.50	0%	7
50 and older	1,678	0%	0	1.60	0%	0
TOTAL	25,980	2%	460		1%	347

Student Housing Demand Reconciliation

Age	Studio	1-bed/1-bath	2-bed/1-bath	4-Bed/2-bath	Total
19 or under	16	0	35	0	51
20-25	48	45	40	0	133
26-29	42	31	23	8	95
30-39	20	7	27	0	53
40-49	7	0	0	0	7
50 and older	0	0	0	0	0
TOTAL	132	82	125	8	347

Among students who can pay “market-rate” prices, there is demand of

350-450 Beds

Note: Demand Analysis utilizes data from students who indicated they pay \$1,200 or more for rent; students also indicated they are single, non-married/partnered, & without child(ren); students under the age of 18 years old were not presented the survey

Survey Results

“BELOW MARKET” GROUP – AFFORDABILITY

191 paying between \$765 to \$1,200 on rent per month

Income Rent



62% Signed a lease/sublease agreement and responsible for paying rent
38% Living in a place owned by family where they contribute rent



92% Living on Personal Income
\$1,546 Avg. Monthly Income

Average Total Monthly Personal Cost of Living

$$\begin{array}{c} \text{RENT} \end{array} \$913 + \text{Utilities} \$163 = \boxed{\$1,076}$$

Affordability on Rent



Weighted average maximum rent they could afford monthly
\$1,009 monthly personal cost of living (including utilities)

Housing Financial Support



3% Reported receiving housing financial support currently
\$600 Avg. HFS per month
 (AB109, CalWORKs, FAFSA, Housing voucher, Section 8)

Potential Support Needed of

\$400 - \$500/mo.

to afford living in a market rate single occupancy unit (\$1,500)

Survey Results

“VERY BELOW MARKET” GROUP – AFFORDABILITY

502 paying less than \$765 on rent per month

Income Rent



35% Signed a lease/sublease agreement and responsible for paying rent

65% Living in a place owned by family where they contribute rent



79% Living on Personal Income

\$1,123 Avg. Monthly Income

Average Total Monthly Personal Cost of Living



\$564

+



\$153

=

\$717

Affordability on Rent



\$598

Weighted average maximum rent they could afford monthly

\$751 monthly personal cost of living (including utilities)

Housing Financial Support



6% Reported receiving housing financial support currently

\$726 Avg. HFS per month

(Subsidize, FAFSA, Housing voucher, Section 8)

Potential Support Needed of

\$700 - \$800/mo.

to afford living in a market rate single occupancy unit (\$1,500)

Survey Results

HOUSING CHALLENGE GROUP – AFFORDABILITY

46 students were homeless or have an unstable housing situation (at the time of the survey)

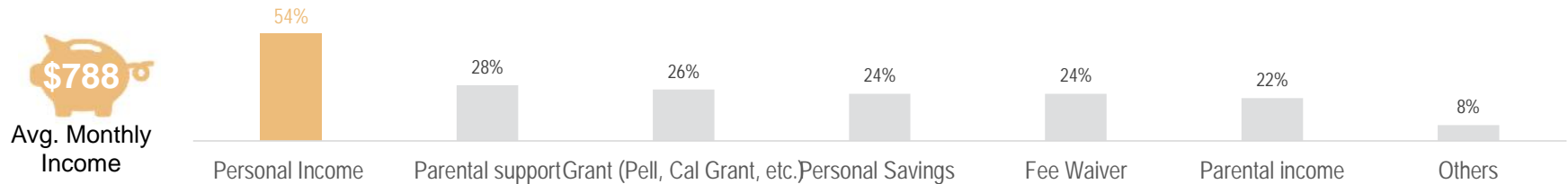
Income Rent



1% Homeless (e.g., I do not have sheltered housing, I live in my car, etc.)

2% I don't have a stable housing situation

(e.g., I do not pay rent, I do not have a lease or sublease, I am in a couch-surfing, or other sheltered housing situation)



\$788
Avg. Monthly Income

Affordability on Rent



Weighted average maximum rent they could afford monthly

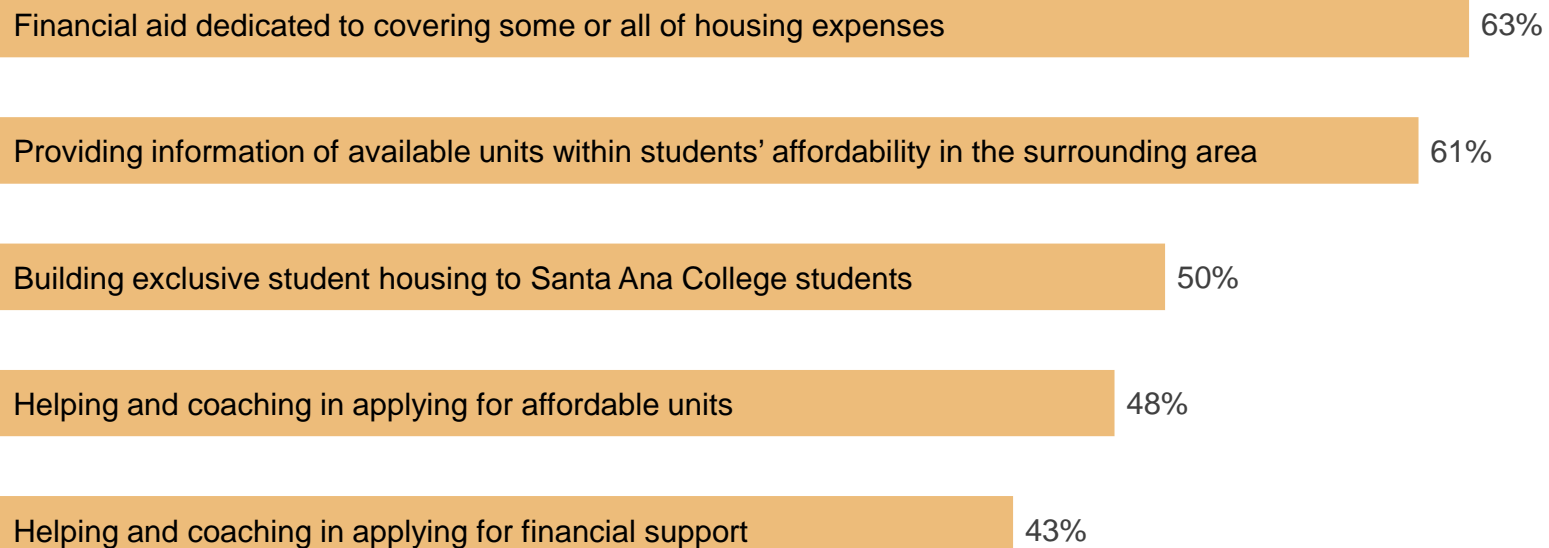
\$672 monthly personal cost of living (including utilities)

Potential Support Needed of
\$900 - \$1,000/mo.
to afford living in a market rate single occupancy unit (\$1,500)

Survey Results

HOUSING CHALLENGE GROUP – HOUSING CHALLENGE

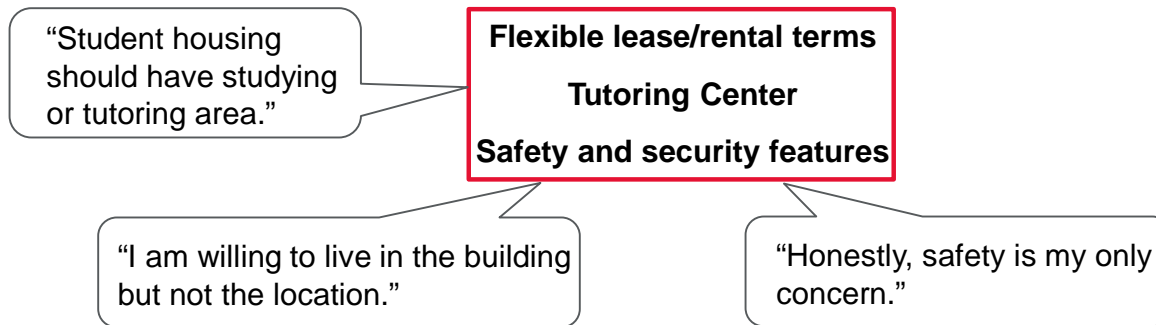
What kind of help you would like to receive from Santa Ana College when facing housing challenges?



Survey Results

PREFERENCE FOR SERVICES/FEATURES

Market Rate Group	"Below Market" Group	"Very Below Market" Group	Housing Challenge Group
63% Flexible lease/rental terms	63% Flexible lease/rental terms	61% Flexible lease/rental terms	59% Flexible lease/rental terms
54% Tutoring Center	57% Safety and security features	61% Safety and security features	52% Food pantry
48% Safety and security features	49% Food pantry	51% Food pantry	46% Safety and security features
41% Physical health assistance	44% Tutoring Center	45% Maintenance service	39% Tutoring center
39% Maintenance service	40% Maintenance service	41% Tutoring center	39% Mental health assistance



Survey Results

PREFERENCE FOR AMENITIES

Market Rate Group	"Below Market" Group	"Very Below Market" Group	Housing Challenge Group
67% High-speed internet	73% High-speed internet	72% High-speed internet	65% Computer lab with printing & copying
61% Computer lab with printing & copying	63% Computer lab with printing & copying	64% Computer lab with printing & copying	59% High-speed internet
54% Controlled/secured access to the building	61% Dedicated parking lot	55% Fitness/recreation area(s) in/near the housing facility	46% Fitness/recreation area(s) in/near the housing facility
46% Fitness/recreation area(s) in/near the housing facility	59% Convenient laundry facilities	59% Convenient laundry facilities	46% Convenient laundry facilities
43% Convenient laundry facilities	40% Fitness/recreation area(s) in/near the housing facility	40% Dedicated parking lot	41% Convenience or small grocery store

"It will be nice to have an inclusive student housing, so I don't have to worry about looking for laundry shop or printing service in the neighborhood late at night."

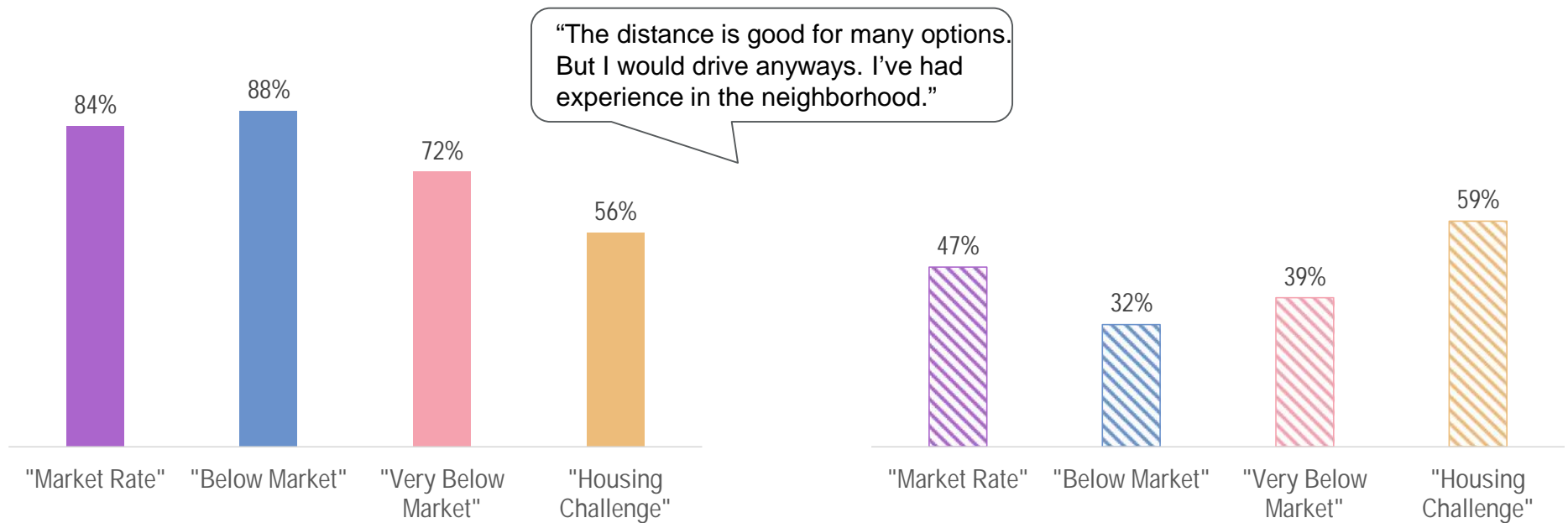
- High-speed internet**
- Computer lab with printing & copying**
- Fitness/recreation area(s)**
- Convenient laundry facilities**

Survey Results

PREFERENCE FOR AMENITIES

Do you have a personal vehicle for which you will need a parking space to be available at where you live?

Would you be willing to live somewhere that did not offer parking because alternative transportation was available nearby?



Survey Results

SUMMARY

“Market Rate”

11%

of the email population
(14,298)

\$1,702

Avg. Monthly Income

\$1,662

Avg. Monthly Cost of Living

72%

of the PT respondents willing
to change to FT
if student housing is available

350 - 450

Demand for Market-Rate
Student Housing

“Below Market”

12%

of the email population
(14,298)

\$1,546

Avg. Monthly Income

\$1,076

Avg. Monthly Cost of Living

61%

of the PT respondents willing
to change to FT
if student housing is available

\$400 - \$500/mo.

Potential Support Needed

“Very Below Market”

31%

of the email population
(14,298)

\$1,123

Avg. Monthly Income

\$717

Avg. Monthly Cost of Living

60%

of the PT respondents willing
to change to FT
if student housing is available

\$700 - \$800/mo.

Potential Support Needed

“Housing Challenge”

3%

of the email population
(14,298)

\$788

Avg. Monthly Income

75%

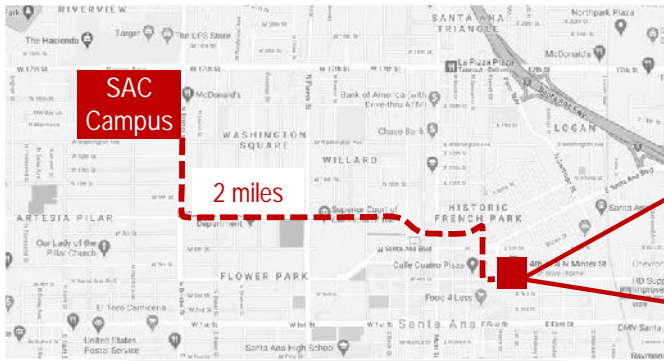
of the PT respondents willing
to change to FT
if student housing is available

\$900 - 1,000/mo.

Potential Support Needed

Northgate Proposal

LOCATION & ARCHITECTURAL CONCEPT



Proposed Student Housing (30 units of Studio Apartment)
E 4th Street and N. Minter St, Santa Ana



Proposed Unit Types



Studio (250 SF)
Single Occ. Breakeven Rent:
\$1,500/bed/month

Northgate Proposal

DISTRICT-RUN PROJECT

- › The District can act as owner and developer of the project
- › All of the control, risks, and costs associated remain with the District, just as any campus project
- › Project cost places required rents outside of market feasibility and therefore financing
- › A feasible project could still occur through:
 - Fundraising / Direct Funding – District would still assume all control, risks, costs, and any returns
 - Alternative Funding and Project Delivery – District would transfer some aspects of control and risks for reduced costs and returns

District-Run Project Assumptions

Project Size (GSF)	16,300
Residential Area (GSF)	9,800
Total Bed Count	30
Revenue Generating Beds	27
Non-Revenue Beds (RA/RD)	3

Type 5 / Wood Frame Construction

Hard Cost (2020)	\$425
Soft Cost (%)	40.0%
Total Project Cost (2020)	\$9.7 M
Total Project Cost (2027)	\$11.9 M
Escalation / Year to Mid-Point	3.50%
DSA Approval	Yes
Prevailing Wage	Yes
Parking On-site Included	No
Parking Leased Off-site Included	No

Northgate Proposal – Alternative Funding & Delivery

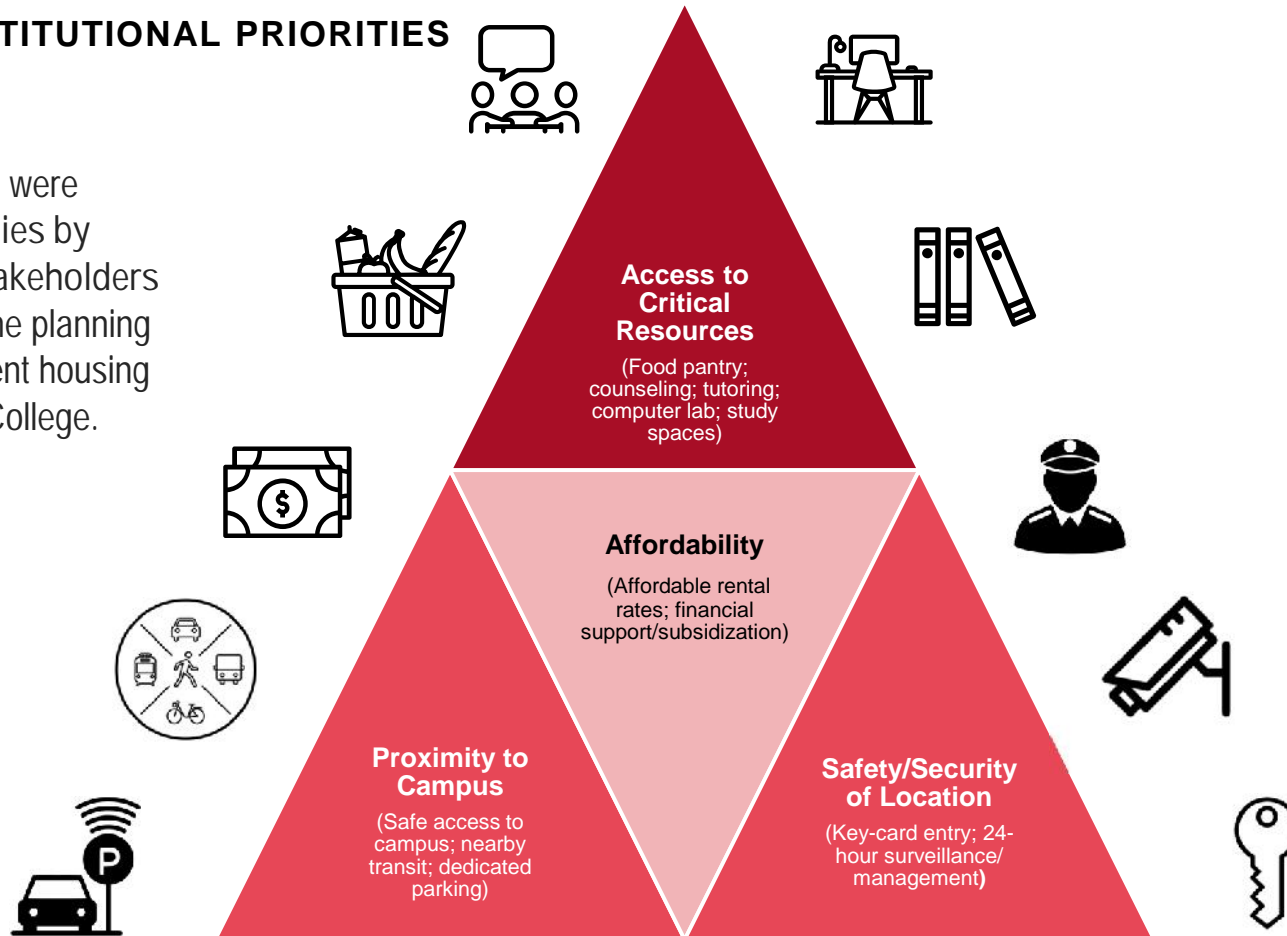
Preliminary Project Assumptions	
Total Project GSF	16,300 sq ft.
Total Residential GSF	9,800 sq ft. (60% of Total GSF)
Total Bed Count	30
Revenue-Generating Beds	Studio – Single (27 bds)
Non-Revenue-Generating Beds	Studio – Single (3 RA/RD bds)
Occupancy	95%
Lease Term	12 months
Development Budget (2027 Opening)	\$9.9M
Yr 1 Bed Revenue + Other Revenue	\$618k
Yr 1 Operating Costs	\$106K
Yr 1 Debt Service	\$426k
Yr 1 Cashflow (1.20x DCR)	\$86k

Other General Project & Financing Assumptions	
Type 5 / Wood Frame Construction	
Hard Cost (2020)	\$325
Soft Cost (%)	35.5%
Total Project Cost (2020)	\$8.8 M
Total Project Cost (2027)	\$9.9 M
Escalation / Year to Mid-Point	3.50%
DSA Approval	Yes
Prevailing Wage	Yes
Parking On-site Included	No
Parking Leased Off-site Included	No
Total Project Equity (30%)	\$2,988,000
Required Equity Return	8%
Total Financed Project Budget (70%)	\$6,973,000
Debt Term	35 Years
Interest Rate	5.00%
Debt Payment	\$425,900
Operations	
Management Fee	4%
OpEx / Bed	\$2,800
OpEx / SF	\$5.24
Project Returns	
NPV: Developer Cash Flow (Year 10)	\$4,638,000
Developer IRR (Year 10)	13.80%
NPV: College Return (Year 10)	\$162,184
Cumulative College Return (Year 10)	\$212,550

Drivers for Success

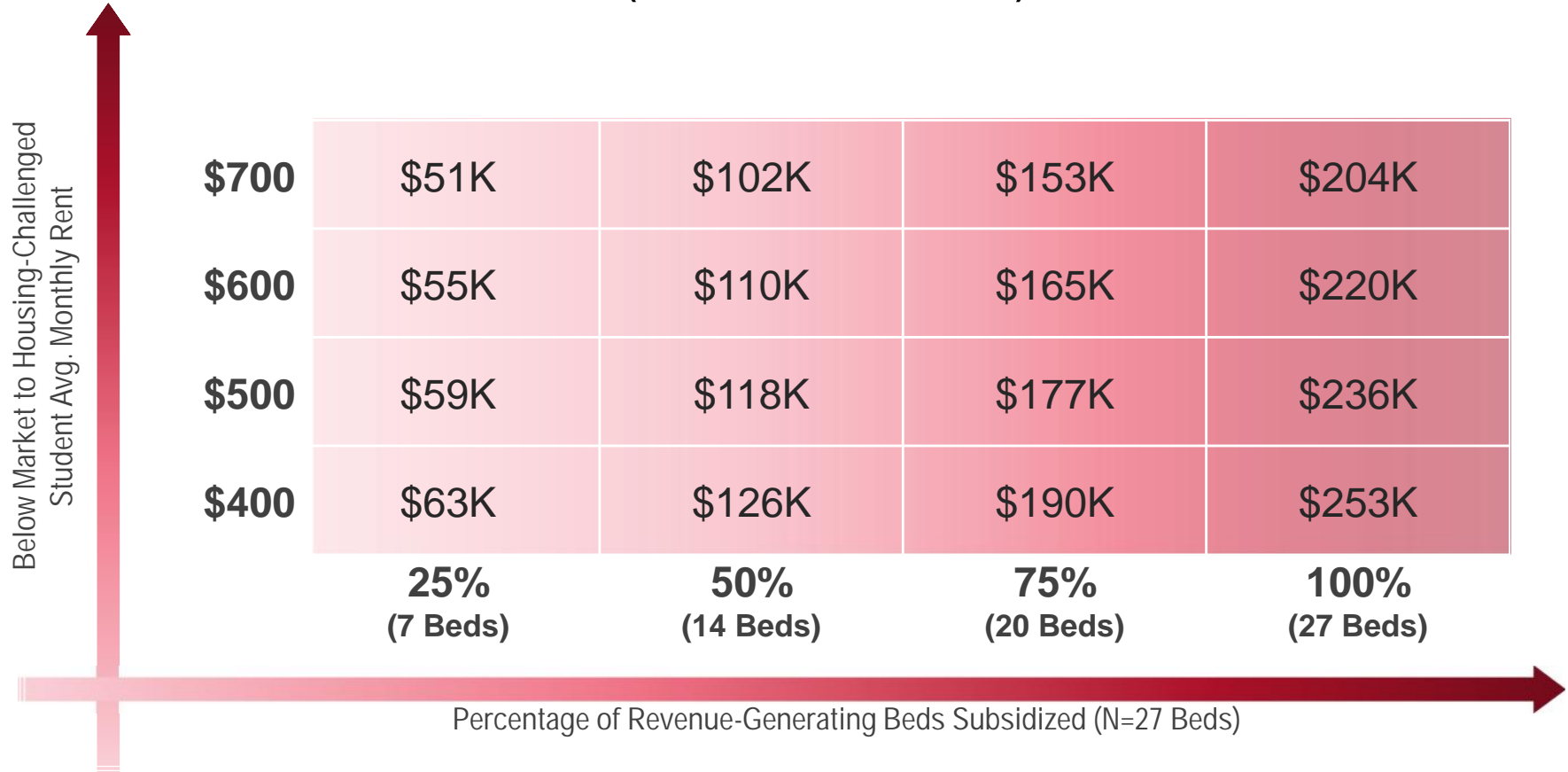
STUDENT & INSTITUTIONAL PRIORITIES

The following drivers were established as priorities by students and campus stakeholders to be considered during the planning stages of any future student housing project at Santa Ana College.



Student Housing Subsidy Matrix

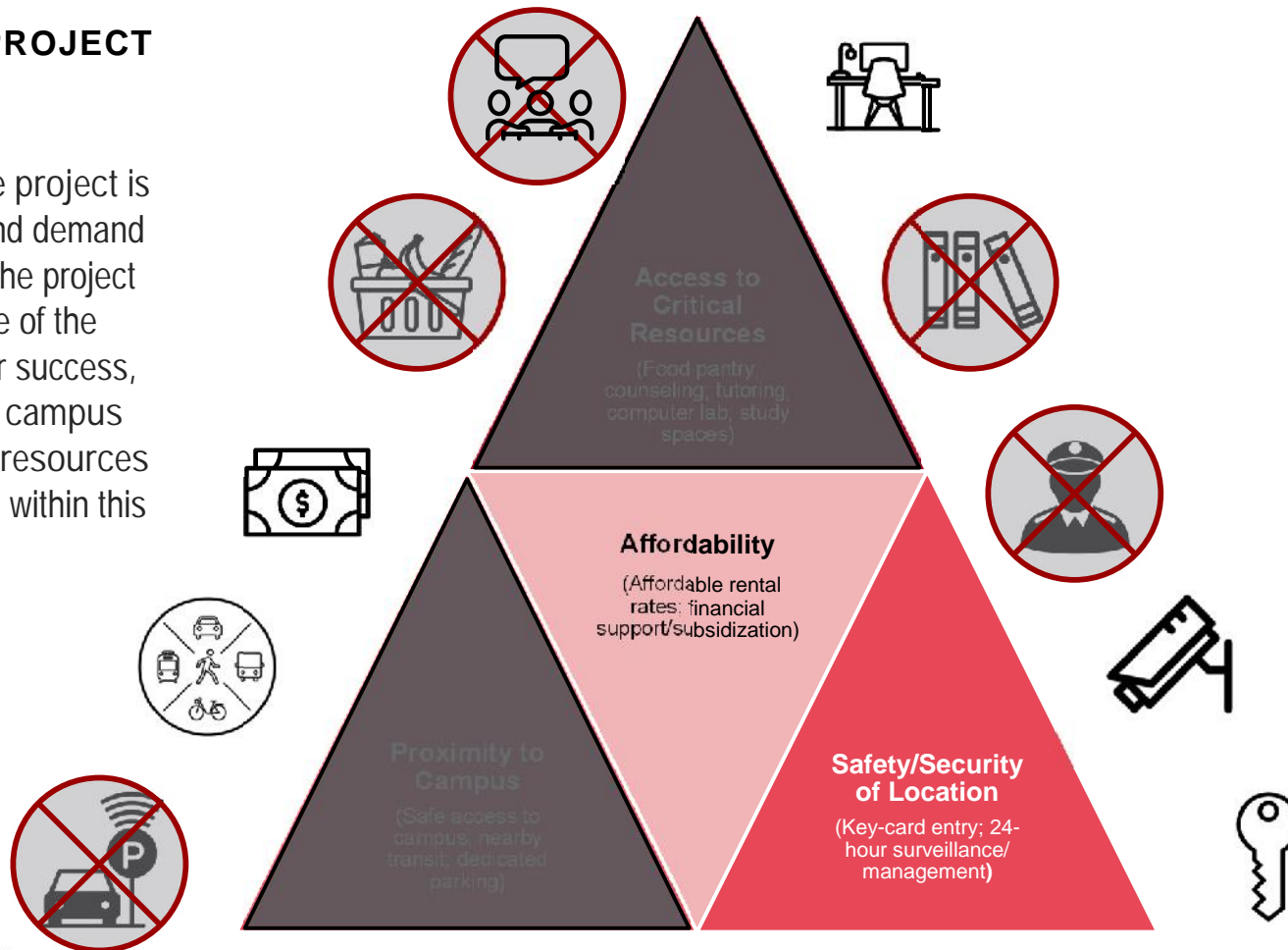
YEAR 1 SUBSIDY SENSITIVITY ANALYSIS (NORTHGATE PROJECT)



Drivers for Success

NORTHGATE PROJECT

Although the Northgate project is a unique opportunity and demand is present to fill beds, the project does not meet some of the fundamental drivers for success, such as proximity to campus and access to critical resources that students prioritized within this Study.



Thank you.

FOR MORE INFORMATION, VISIT US AT
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