

University of North Carolina School of the Arts

HOUSING MASTER PLAN

Summary of Findings



RIETH JONES

ADVISORS

20 South 3rd Street . Suite 210 - #211 . Columbus, OH 43215
wilson@riethjones.com . www.riethjones.com . 336.407.1570

INTRODUCTION

The University of North Carolina School of the Arts (“UNCSA” or the “University” or “School of the Arts”) sought proposals from qualified advisors in July 2018 for program consultation and evaluation services for capital improvement planning as related to renovating or replacing student housing facilities on its campus in Winston Salem, North Carolina. In October 2018, School of the Arts engaged Rieth Jones Advisors (“RJA”) after a competitive selection process to develop a Student Housing Master Plan (the “Plan” or “Master Plan”). The scope of the planning initiative included the following key tasks:

1. Review existing UNCSA Campus Master Plan and RAMSA Residence Hall Study
2. Define strategic objectives for UNCSA housing
3. Assess current on-campus housing offerings for School of the Arts students
4. Compare on-campus offerings to the off-campus market and select peer institutions
5. Gather student feedback through focus groups and a web-based survey
6. Forecast demand for UNCSA on-campus housing
7. Develop housing program assumptions
8. Review Master Plan housing sites to confirm preferred location(s) for future housing
9. Coordinate with UNCSA’s Financial Advisor (First Tryon) to evaluate alternative potential project delivery methods and key milestones
10. Recommend a feasible approach and next steps for the University’s approval.

Feedback and direction were collected from key stakeholders representing the Student Life, Business Affairs, Facilities, Academic, and Administrative departments at the University (collectively the “Committee”). Six goals and objectives were identified by the Committee at the onset of this Housing Master Plan process:

1. Develop a plan that is consensus-driven among the various departments at the University;
2. Create a plan that meets the needs of today’s students and future populations;
3. The Plan should address all on-campus housing facilities, rather than a single project or building, to best position UNCSA’s housing and residence life program for long-term success;
4. Receive and incorporate student feedback and data;
5. The Plan must be financially self-sufficient;
6. Identify next steps for UNCSA should the Committee recommend that the Plan be implemented through a public-private partnership (“P3”) transaction structure.

The findings presented herein were presented to the UNCSA Board of Trustees (“BOT”) and the UNCSA Foundation. RJA and First Tryon made those presentations in February 2019 with support from Committee members and institutional leadership. This document seeks to summarize the effort outlined above and next steps for School of the Arts.

TABLE OF CONTENTS

Housing Master Plan Executive Summary.....4

Peer Benchmarking.....13

Off-Campus Housing Market.....17

Student Input & Survey Analysis.....20

Housing Demand Analysis.....27

Supporting Materials & Exhibits

 Housing Master Plan Final Presentation.....32

 Student Housing Survey Results.....55

HOUSING MASTER PLAN EXECUTIVE SUMMARY

UNCSA Housing & Enrollment Overview

The School of the Arts Department of Residence Life’s strives for *“the halls and apartments provide an invaluable living and learning experience for students. We believe community living provides the individual with vital interdisciplinary contact. Also, because of the large number of hours students spend practicing or rehearsing their art, we feel the residence halls and apartments are a great housing option for students. Immerse yourself in a community of artists.”*

Current UNCSA Housing policies require all freshmen and sophomore students to live on campus. Juniors and seniors are not required to live on campus but are able to if they desire and if space is available. School of the Arts offers the following communities for its on-campus residents:

- Residence Halls A-F: traditional-style residence halls (A, B, C, D, E, F) typically occupied by first and second-year students.
- Bailey Street Apartments: apartment-style residence hall for upper-class students, graduate students, non-traditional aged students, and international students.
- Center Stage Apartments: apartment-style hall for upper-class students, graduate students, non-traditional aged students, and international students.

School of the Arts currently has a total on-campus supply of 558 beds. The system inventory is made up of 52% community-style beds and 48% apartment-style beds. All on-campus housing is located within a five-minute walk of the campus core including the Student Commons, dining hall, library, and academic/performance buildings. Figure 1.1 outlines bed configurations, bed counts, and the 2018-19 rental rates by semester for each of the University’s three different on-campus residence halls.

Residence Hall	Year Built	Total GSF	Configuration	Total Beds	Bedroom Occupancy	# of Beds	2018-2019 Rates <i>(per semester, room only)</i>
Residence Hall A	1972	13,633	Traditional	48	Single	24	\$2,667
					Double	24	\$2,260
Residence Hall B	1972	13,633	Traditional	48	Single	24	\$2,667
					Double	24	\$2,260
Residence Hall C	1972	13,633	Traditional	48	Single	24	\$2,667
					Double	24	\$2,260
Residence Hall D	1972	13,633	Traditional	48	Single	24	\$2,667
					Double	24	\$2,260
Residence Hall E	1972	13,633	Traditional	48	Single	24	\$2,667
					Double	24	\$2,260
Residence Hall F	1972	13,633	Traditional	48	Single	24	\$2,667
					Double	24	\$2,260
Bailey Street Apartments	1984	30,987	Apartment	92	Single	92	\$2,735
Center Stage Apartments	2001	74,133	Apartment	178	Single	142	\$3,353
					Double	36	\$2,437
TOTAL		186,920		558			

Figure 1.1 – UNCSA On-Campus Housing Program & Rates

Please note that UNCSA also offers housing for its high school program students. Those program participants reside in Moore and Sanford Halls intentionally separate from University students. Both are traditional-style halls reserved specifically for high school students with floors alternating by gender. Neither of these halls were included in the Housing Master Plan at the direction of UNCSA.

On-campus occupancy has averaged 96.2% for the past five academic years. Overall, system occupancy is strong and above the national annual benchmark of 95% that nearly all institutions strive to achieve. Residence Halls A-F have the highest five-year occupancy average due to the live-on requirement and the fact that UNCSA assigns policy residents to that facility.

Residence Hall	2014-15	2015-16	2016-17	2017-18	2018-19	5-year Average		
						Residents	Capacity	Occupancy
Residence Halls A-F	297	283	288	266	288	284	288	98.8%
Annual Occupancy	103.1%	98.3%	100.0%	92.4%	100.0%			
Bailey Street Apartments	89	90	92	92	89	90	92	98.3%
Annual Occupancy	96.7%	97.8%	100.0%	100.0%	96.7%			
Center Stage Apartments	160	161	164	161	165	162	178	91.1%
Annual Occupancy	89.9%	90.4%	92.1%	90.4%	92.7%			
Total Residents	546	534	544	519	542	537	558	96.2%
Total System Beds	558	558	558	558	558			
System Occupancy	97.8%	95.7%	97.5%	93.0%	97.1%			

Figure 1.2 – UNCSA On-Campus Occupancy History

Figure 1.3 illustrates on-campus occupancy by student classification, total enrollment, and overall capture rate for the 2014-15 through 2018-19 academic years. The system has experienced a slight decline in sophomore residents (55 fewer in 2018 than 2014) but an increase in junior (20) and senior (26) residents. The primary driver behind the change in the sophomore capture rate is complaints from second-year students about the physical conditions of Halls A-F and Bailey Street. There has also been increased demand for Center Stage from juniors and seniors. UNCSA has responded by granting more live-on policy waivers for sophomore students. UNCSA’s overall capture rate has decreased from 57.1% to 52.1% as a result of increasing enrollment without adding more on-campus beds.

Resident Classification	2014-15	2015-16	2016-17	2017-18	2018-19
Freshmen	254	222	220	199	253
Sophomores	176	172	162	154	121
Juniors	66	101	87	90	86
Seniors	47	36	74	67	73
Graduates	3	3	1	9	9
Total On-Campus Residents	546	534	544	519	542
Total On-Campus Beds	558	558	558	558	558
System Occupancy	97.8%	95.7%	97.5%	93.0%	97.1%
Fall Semester Enrollment	956	964	1,018	1,000	1,041
Overall Capture Rate	57.1%	55.4%	53.4%	51.9%	52.1%

Figure 1.3 – UNCSA On-Campus Occupancy by Classification, Enrollment, Overall Capture Rate

In the 2018-2019 academic year, School of the Arts saw its highest enrollment of full-time undergraduates (886) and full-time graduates (147) over a five-year period. UNCSCA also saw the highest number of first-year students (278) in 2018-19 with a 25% increase over the 2017-2018 academic year.

	2014-15	2015-16	2016-17	2017-18	2018-19
Undergraduates	845	838	883	847	886
Graduates	102	112	119	131	147
TOTAL	947	950	1,002	978	1,033

Figure 1.4 – UNCSCA Historical Enrollment

School of the Arts is unique in many ways including its student body makeup. University of North Carolina Board of Governors’ policy dictates that all UNC System schools must enroll at least 82% of students from in-state. School of the Arts is the only institution exempt from this policy. As a top-ranked creative and performing arts conservatory, School of the Arts draws students from various geographical areas of the country, especially from areas with high per capita incomes. Figure 1.5 shows the top home counties (descending by number of students) for in-state and out-of-state UNCSCA students with the per capita incomes for each county. The average per capita income for the top 20 home counties for out-of-state students is 41% higher than the average per capital income of in-state students. UNCSCA truly has a national pull when it comes to recruiting students.

<i>In-State Students</i>			<i>Out-of-State Students</i>		
Rank	State and County	Per Capita Income*	Rank	State and County	Per Capita Income*
1	North Carolina Forsyth	\$46,888	1	Florida Miami-Dade	\$46,048
2	North Carolina Wake	\$56,162	2	California Los Angeles	\$58,419
3	North Carolina Guilford	\$45,034	3	Florida Orange	\$42,541
4	North Carolina Mecklenburg	\$57,368	4	Virginia Fairfax	\$78,376
5	North Carolina Union	\$49,648	5	New York Kings	\$48,758
6	North Carolina Durham	\$47,825	6	Texas Harris	\$53,188
7	North Carolina Orange	\$62,202	7	South Carolina Greenville	\$46,066
8	North Carolina Cabarrus	\$43,920	8	Florida Broward	\$48,680
9	North Carolina Cumberland	\$37,406	9	Georgia Cobb	\$53,300
10	North Carolina Pitt	\$39,900	10	Georgia DeKalb	\$47,412
11	North Carolina Buncombe	\$46,102	11	Georgia Fulton	\$78,794
12	North Carolina Catawba	\$43,651	12	Pennsylvania Allegheny	\$58,146
13	North Carolina Alamance	\$38,839	13	California Marin	\$124,552
14	North Carolina Davidson	\$37,913	14	California Orange	\$65,400
15	North Carolina Davie	\$45,625	15	Florida Duval	\$44,347
16	North Carolina Johnston	\$38,278	16	Florida Palm Beach	\$74,754
17	North Carolina New Hanover	\$44,236	17	Illinois Cook	\$59,238
18	North Carolina Stokes	\$35,584	18	Illinois Lake	\$76,227
19	North Carolina Randolph	\$36,339	19	Maryland Montgomery	\$86,136
20	North Carolina Iredell	\$48,606	20	New York Nassau	\$84,763
AVERAGE		\$45,076	AVERAGE		\$63,757

*data from U.S. Bureau of Economic Analysis; March 2018 population estimates

Figure 1.5 – Top Counties by UNCSCA Student Population with Per Capita Income

School of the Arts has strong annual average occupancy across its housing system, but deferred maintenance issues in housing are mounting. Rental rates have been held down due to the physical condition of Residence Halls A-F and Bailey Street Apartments thus resulting in fewer excess cash flows to support renovation needs. UNCSA spent \$1.48 million over the past five years on repairs such as minor infrastructure upgrades (HVAC, PTAC units, exterior doors), interior flooring and finishes (bathrooms, lighting and safety upgrades), and general furniture replacement. However, these repair and replacement expenditures have only made a dent in the deferred maintenance needs across the system per the University's Facilities Condition Assessment Program ("FCAP") completed in 2016.

The UNCSA Campus Master Plan and Residence Hall Study (both completed summer 2017 by Robert A.M. Stern Architects or "RAMSA") called for the replacement of Residence Halls A-F and Bailey Street Apartments given their poor physical condition and the need for substantial investments to address facility needs. This Housing Master Plan builds on the University's previous planning efforts, quantifies on-campus housing demand, and recommends a financially-feasible approach for UNCSA housing.

Housing Master Plan Summary

The Housing Master Plan has been a highly-collaborative process driven by input from students, stakeholders, and the institution's advisors. This consensus-driven Plan address all on-campus housing facilities and makes recommendations to best position UNCSA's housing and residence life program for long-term success. The key takeaways and drivers of the Master Plan are:

1. UNCSA offers no suite-style housing – only traditional-style and apartment options on campus.
2. On-campus housing rates at UNCSA are significantly below identified peers across all unit types.
3. The off-campus market has a wide variety of offerings, but none are student-focused.
4. Center Stage Apartments remains an attractive option for juniors, seniors, and graduate students that value proximity to campus.
5. Students are willing to pay a premium for new or improved on-campus housing.
6. The demand analysis confirms UNCSA's desire to replace Residence Halls A-F and Bailey Street Apartments with new housing.
7. The Plan recommends replacement housing focused predominantly on single and double-occupancy semi-suites for freshman and sophomore students captured by UNCSA's two-year live-on requirement.
8. UNCSA has multiple financially-feasible options for the recommended project.

A peer benchmarking exercise was completed that analyzed on-campus supply by unit-type offerings, rental rates, residency and meal plan requirements, and recent new construction or renovations at other comparable institutions. School of the Arts identified ten (10) peer and cross-applicant schools to be included in the analysis.

The peer analysis revealed that School of the Arts does not offer any suite-style housing, which makes up more than one-third of beds at its peer institutions. The average unit mix (on a percentage basis) for all peer on-campus housing programs consists of 26% traditional-style halls, 36% suite-style halls, and 38% apartment-style offerings. UNCSA only offers traditional-style and apartment housing currently. Suites are popular across higher education because they offer more privacy than a traditional-style residence hall with fewer students sharing a bathroom while also being more efficient than apartments in terms of size and cost to build.

Housing rates at School of the Arts are significantly below their peers. As shown in Figure 1.6, UNCSA's average traditional-style rental rate is 43.9% below the peer average. Similarly, apartment-style units at School of the Arts are 47.2% below the peer average. The most telling stat is that the most affordable peer rates are still 31% higher than the comparable UNCSA on-campus housing rates by unit type.

All rates are per semester

Institution	Traditional		Suites		Apartments							
	Single	Shared	Single	Shared	1BR Single	1BR Shared	2BR Single	2BR Shared	3BR Single	3BR Shared	4BR+ Single	4BR+ Shared
Carnegie Mellon University	\$4,710	\$3,919	\$5,127	\$4,425	\$5,145	\$4,749	\$5,046	\$4,864	\$5,279	\$4,896	-	-
Fordham University (Ailey)	\$5,516	\$4,680	\$5,792	\$4,454	\$8,353	-	\$7,245	\$5,106	\$5,609	\$5,282	\$5,068	\$4,579
The Juilliard School	-	-	\$10,285	\$8,235	-	-	-	-	-	-	-	-
Massachusetts College of Art and Design	-	-	\$6,680	\$5,602	\$6,149	\$4,966	\$5,501	\$5,687	-	\$5,265	\$6,680	-
New York University	-	\$6,445	\$8,373	\$6,531	\$9,946	\$7,685	\$6,803	\$7,014	-	\$5,801	-	-
Oberlin College	\$4,054	\$4,054	-	-	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054
Rutgers University	-	\$3,873	-	\$4,056	-	-	\$5,401	\$4,356	\$5,420	-	\$5,304	-
Savannah College of Art and Design	-	-	-	\$4,543	\$7,424	-	\$5,640	\$4,856	-	\$4,856	\$5,424	\$5,424
State University of New York at Purchase	\$4,985	\$4,001	-	\$4,729	-	-	\$5,181	\$4,985	\$5,737	\$5,224	\$5,819	\$4,669
University of Southern California	\$6,418	\$4,769	\$6,633	\$5,429	\$5,578	\$4,534	\$5,856	\$4,666	\$5,393	\$5,256	\$5,333	\$5,415
Average	\$5,137	\$4,534	\$7,148	\$5,334	\$6,664	\$5,198	\$5,636	\$5,065	\$5,249	\$5,079	\$5,383	\$5,022
University of North Carolina - School of the Arts	\$2,667	\$2,260	-	-	-	-	\$3,353	\$2,437	-	-	\$2,735	-
\$ Premium / (Discount) to Average	(\$2,470)	(\$2,275)	-	-	-	-	(\$2,283)	(\$2,628)	-	-	(\$2,648)	-
% Premium / (Discount) to Average	(48.1%)	(50.2%)	-	-	-	-	(40.5%)	(51.9%)	-	-	(49.2%)	-

Figure 1.6 – Peer Benchmarking: Rental Rates

In addition to offering balanced housing systems, UNCSA's peer institutions are investing in housing to help recruit and retain students. These are the same students that School of the Arts is competing for as a nationally-recognized top-ranked creative and performing arts conservatory.

The off-campus rental market surrounding the UNCSA campus accommodates students but does not intentionally focus on them. None of the 19 local apartment communities analyzed as part of this effort are purpose-built student housing. The lack of student-focused off-campus properties creates an opportunity for UNCSA to attract and retain students that desire to live on campus.

UNCSA students want to live on campus and value the residential experience at School of the Arts despite some concerns over the physical conditions of existing residence halls. The student survey received 293 responses (22.2% of the overall population, 19.4% of full-time students). Eighty-one percent (81%) of respondents indicated that living on campus had a positive impact on their experience at School of the Arts. Student safety received outstanding scores from students with 97% of respondents indicating

the felt safe on campus. This speaks to the institution’s focus on promoting a safe and inclusive campus community.

Students were asked to rate their satisfaction with on-campus and off-campus living conditions on a scale from five being “very good” and a one being “very poor.” As shown in Figure 1.7, respondents are pleased with UNCSA’s Center Stage Apartments (4.33); however, they are dissatisfied with Residence Halls A-F (3.55) and Bailey Street Apartments (3.30). These scores are consistent with focus group feedback that the poor physical condition of those two facilities is negatively impacting the experience for the first and second-year students that predominantly occupy those halls.

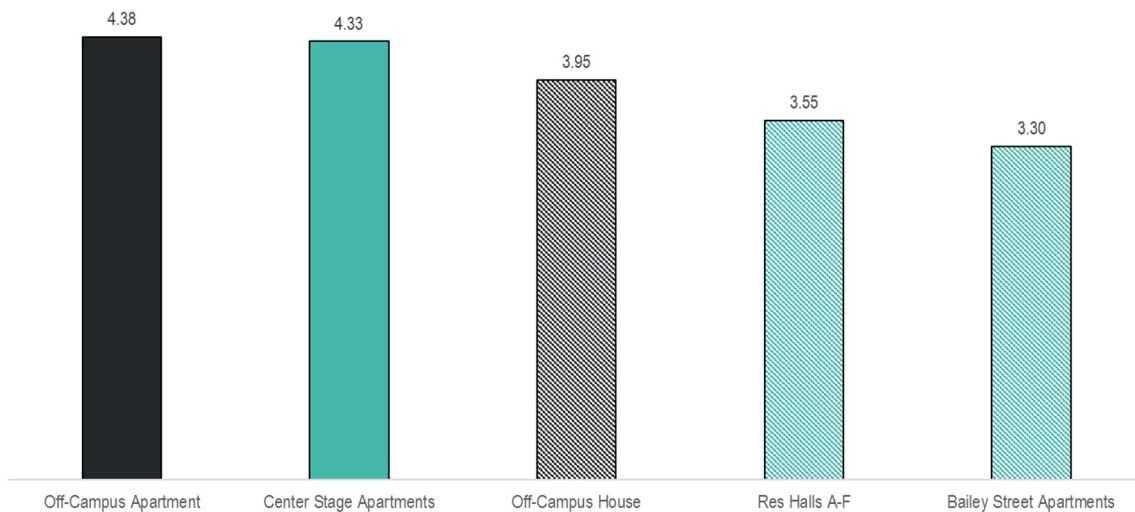


Figure 1.7 – Satisfaction with On-Campus & Off-Campus Housing

Survey respondents were asked if they would be willing to pay a premium for new or renovated facilities. Seventy-six percent (76%) of full-time respondents interested in living on campus indicated a willingness to pay a premium over current rental rates for their desired improvements. Fifty-four percent (54%) would pay a 5+% premium for improved housing and 22% indicated they would pay a 10+% premium. Three out of four students indicated they would be willing to pay a premium for improved housing. This is an excellent opportunity for School of the Arts to increase student satisfaction and the residential experience through improved on-campus housing offerings.

The survey analysis provided a tremendous amount of helpful feedback, but none more helpful than the student preference data needed to run the housing demand analysis. RJA used a combination of methodologies to estimate potential demand for on-campus housing at School of the Arts. The approach synthesized student survey data, current and historical capture rates by classification, local market research, and peer benchmarking information, and national best practices for on-campus living. These components were analyzed and compared with UNCSA housing policies (residency requirements, ability

to live in specific unit configurations, etc.) and existing capture rates. The ultimate recommendation yields a market-based number of beds grounded in UNCSCA’s vision for housing.

Figure 1.8 summarizes on-campus housing demand by unit type and student classification. The analysis combines the need to replace Residence Halls A-F and Bailey Street with UNCSCA’s strategic vision for on-campus housing assignments by type and resident. Demand for traditional-style housing is shifted to semi-suite units when Residence Halls A-F are demolished. Freshmen and sophomores will reside in new semi-suites. All freshmen will be required to live with a roommate (except in special circumstances). Sophomores will have the option to live in a single-occupancy or double-occupancy room based on their preferences and tolerance for the price premium that a single will command. Some juniors and seniors will be allowed to live in the new semi-suite hall. The remaining juniors, seniors, and all the graduate students desiring to live on campus will have the option to live in Center Stage Apartments. The number of UNCSCA’s apartment-style beds post-Bailey Street removal matches the current demand profile at the tested price points.

	2018-19 Capture	Potential Capture Rate	On-campus Bed Demand				TOTAL
			Traditional	Semi-suite	Cnt Stg - Single Occ.	Cnt Stg - Double Occ.	
Freshman (First-year)	90.7%	90.7%	0	253	0	0	253
Freshman (Other)	-	-	0	0	0	0	0
Sophomore	62.4%	75.0%	0	146	0	0	146
Junior	38.1%	50.4%	0	33	70	11	114
Senior / Other UG	37.8%	42.4%	0	12	70	0	82
Graduate	6.1%	18.6%	0	0	27	1	28
TOTALS:	52.1%	59.8%	0	444	167	12	622
Fall 2018 Supply			288	0	234	36	558
Excess Supply / (Demand Shortage)			288	(444)	67	24	(64)
Demolition of Residence Halls A - F			(288)	0	0	0	(288)
Demolition of Bailey Street			0	0	(92)	0	(92)
Post-Demolition Excess Supply / (Demand Shortage)			0	(444)	(25)	24	(444)
Reallocation of Center Stage Occupancy			0	0	24	(24)	0
New Residence Hall // Bailey Street Site			0	444	0	0	444
Post-completion Excess Supply / (Demand Shortage)			0	0	(1)	0	0

Figure 1.8 – Projected UNCSCA On-Campus Housing Demand (with policy adjustments)

The demand projections call for 622 total on-campus beds compared to UNCSCA’s current 558 beds. Nearly all the recommended beds are replacement (Res Halls A-F and Bailey Street) with 64 net new beds. These additional beds will be filled by sophomores that UNCSCA is exempting from the live-on policy and the University’s slight increase in enrollment over the past five years.

School of the Arts understands that new construction will command a higher price point in order to be financially feasible. Figure 1.9 compares the on-campus housing rates at UNCSCA’s selected peer and

cross-applicant institutions with their existing rates and tested survey rates. The rental rates tested in the survey for new traditional-style and semi-suite housing are more expensive than the current cost to live at Center State Apartments. The demand recommendations reflect those higher price points for first and second-year housing. These rates were intentionally tested given the cost of new construction and UNCOSA's desire for institutional-quality construction on the future housing sites identified in the Campus Master Plan. These sites are near the core of campus and for many reasons, including the fact that replacement housing will be for first and second-year students, there is a desire for non-wood-frame construction at this time.

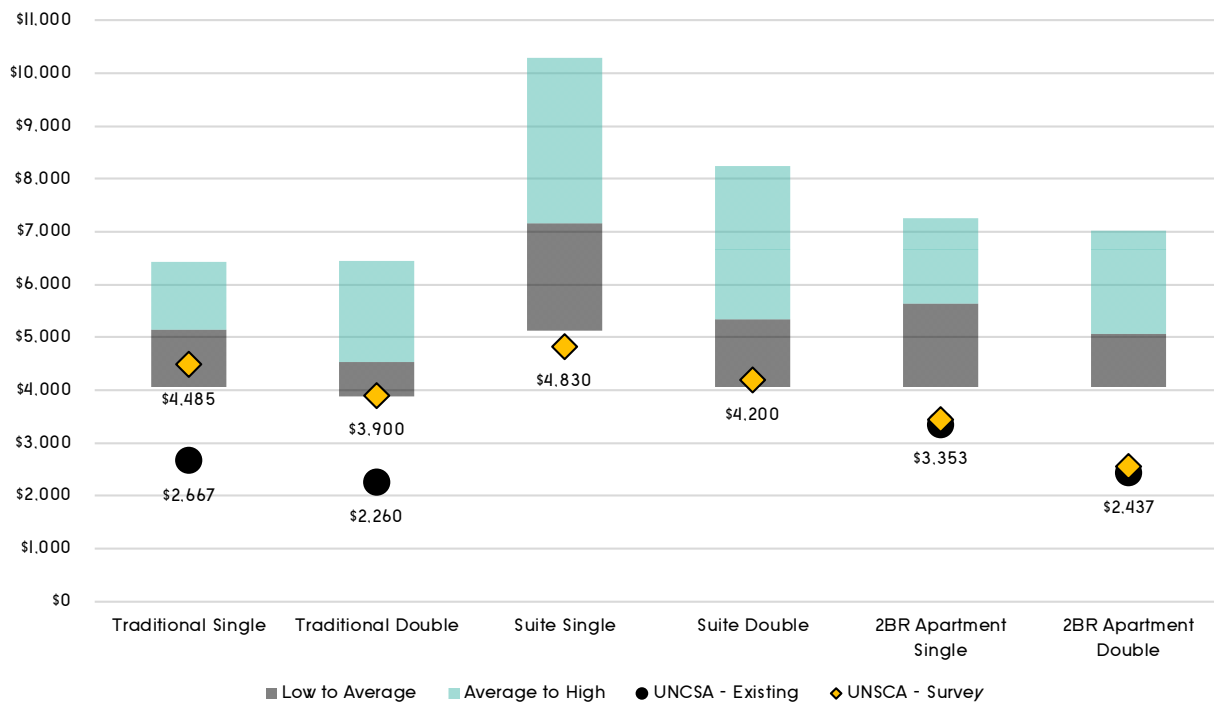


Figure 1.9 – Tested Rental Rates vs. Peer Benchmarking Ranges

The range of peer on-campus housing rates are shown in the gray and teal bars in Figure 1.9. The gray bars represent the low end of the range to the average. The teal bars represent the average rates to the high-end across the peer spectrum. Everything is broken out by unit type. The black circles show UNCOSA's existing rates and the yellow diamonds show the rates tested in the survey. The key takeaway is that the tested rates that drive on-campus housing demand at School of the Arts are still below the average housing cost for all unit types at their selected peer and cross-applicant institutions. This is especially important given UNCOSA's enrollment makeup and larger number of out-of-state students compared to other UNC System schools. This Plan focuses on improving the first and second-year residential life experience for policy students through higher-quality facilities. Policy students are willing to pay for those improvements and believe better housing facilities will improve the overall residence life experience at School of the Arts.

The Master Plan recommends that School of the Arts construct a new residence hall located on and around the current Bailey Street Apartments site. The new facility will have approximately 450 semi-suite beds with associated common spaces and staff apartments. The bed mix will consist of approximately 38% single-occupancy beds (including Resident Advisor beds). These singles are intended for sophomores that desire increased privacy. The remaining 62% of the beds will be double-occupancy units intended for first-year students. Initial program estimates call for a 130,000-135,000 gross square foot building. Preliminary estimated total project costs (hard + soft + financing) range from \$42-\$48 million depending on delivery method and timing. School of the Arts intends to deliver the beds for the fall 2021 semester.

RJA and First Tryon analyzed a variety of delivery structures including traditional general revenue bonds, a UNCOSA Foundation financing with master lease component, non-recourse Foundation financing, and a public-private partnership (“P3”) structure that utilized a national 501c3 non-profit. The scenarios compared total project costs, the cost of capital, required approvals, and other key considerations such as various the potential impact on UNCOSA’s finances. The scenarios were shared with the Committee, the Foundation Board, and the Board of Trustees. School of the Arts is continuing to analyze its options but is focused on utilizing its Foundation as it did with Center Stage Apartments. The final decision will be made based on additional input from the School, the UNC System Office, and its advisors.

PEER BENCHMARKING

A peer benchmarking exercise was completed that analyzed on-campus supply by unit-type offerings, rental rates, residency and meal plan requirements, and recent new construction or renovations at other comparable institutions. School of the Arts identified ten (10) peer and cross-applicant schools to be included in the analysis:

- Carnegie Mellon University
- Fordham University
- The Juilliard School
- Massachusetts College of Art and Design
- New York University
- Oberlin College
- Rutgers University
- Savannah College of Art and Design
- State University of New York at Purchase
- University of Southern California

Figure 2.1 illustrates the on-campus unit mix offered at each peer institution. The average unit mix (shown on a percentage basis) for all peer on-campus housing programs consists of 26% traditional-style halls, 36% suite-style halls, and 38% apartment-style offerings. School of the Arts only offers traditional-style and apartment-style housing. UNCSA does not offer any suite-style housing, which makes up more than one-third of beds at its peer institutions. Suites are popular across higher education because they offer more privacy than a traditional-style residence hall with fewer students sharing a bathroom while also being more efficient than apartments in terms of size and cost to build.

Institution	% Trad	% Suite	% Apt	Live On Req	Hsg Capture Rates	
					% FTDS	So/Jr/Sr
Carnegie Mellon University	36%	30%	33%	1	100%	43%
Fordham University (Ailey)	51%	15%	34%	0	77%	42%
The Juilliard School	0%	100%	0%	1	99%	43%
Massachusetts College of Art and Design	0%	31%	69%	0	82%	33%
New York University	10%	34%	56%	0	85%	31%
Oberlin College	80%	0%	20%	3	99%	79%
Rutgers University	54%	10%	36%	0	91%	33%
Savannah College of Art and Design	0%	78%	22%	0	99%	27%
State University of New York at Purchase	16%	43%	40%	0	86%	63%
University of Southern California	12%	18%	70%	0	98%	31%
Average	26%	36%	38%	1	92%	42%
University of North Carolina - School of the Arts	52%	0%	48%	2	91%	46%

Figure 2.1 – Peer Benchmarking: Unit Type Offerings Mix

The key takeaway from this analysis is that School of the Arts' housing rates are well below their peers. As shown in Figure 2.2, UNCOSA's average traditional-style rental rate is 43.9% below the peer average. Similarly, apartment-style units at School of the Arts are 47.2% below the peer average. The most telling stat is that the most affordable peer rates are still 31% higher than the comparable UNCOSA on-campus housing rates by unit type.

All rates are per semester

Institution	Traditional		Suites		Apartments							
	Single	Shared	Single	Shared	1BR Single	1BR Shared	2BR Single	2BR Shared	3BR Single	3BR Shared	4BR+ Single	4BR+ Shared
Carnegie Mellon University	\$4,710	\$3,919	\$5,127	\$4,425	\$5,145	\$4,749	\$5,046	\$4,864	\$5,279	\$4,896	-	-
Fordham University (Ailey)	\$5,516	\$4,680	\$5,792	\$4,454	\$8,353	-	\$7,245	\$5,106	\$5,609	\$5,282	\$5,068	\$4,579
The Juilliard School	-	-	\$10,285	\$8,235	-	-	-	-	-	-	-	-
Massachusetts College of Art and Design	-	-	\$6,680	\$5,602	\$6,149	\$4,966	\$5,501	\$5,687	-	\$5,265	\$6,680	-
New York University	-	\$6,445	\$8,373	\$6,531	\$9,946	\$7,685	\$6,803	\$7,014	-	\$5,801	-	-
Oberlin College	\$4,054	\$4,054	-	-	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	-
Rutgers University	-	\$3,873	-	\$4,056	-	-	\$5,401	\$4,356	\$5,420	-	\$5,304	-
Savannah College of Art and Design	-	-	-	\$4,543	\$7,424	-	\$5,640	\$4,856	-	\$4,856	\$5,424	\$5,424
State University of New York at Purchase	\$4,985	\$4,001	-	\$4,729	-	-	\$5,181	\$4,985	\$5,737	\$5,224	\$5,819	\$4,669
University of Southern California	\$6,418	\$4,769	\$6,633	\$5,429	\$5,578	\$4,534	\$5,856	\$4,666	\$5,393	\$5,256	\$5,333	\$5,415
Average	\$5,137	\$4,534	\$7,148	\$5,334	\$6,664	\$5,198	\$5,636	\$5,065	\$5,249	\$5,079	\$5,383	\$5,022
University of North Carolina - School of the Arts	\$2,667	\$2,260	-	-	-	-	\$3,353	\$2,437	-	-	\$2,735	-
\$ Premium / (Discount) to Average	(\$2,470)	(\$2,275)	-	-	-	-	(\$2,283)	(\$2,628)	-	-	(\$2,648)	-
% Premium / (Discount) to Average	(48.1%)	(50.2%)	-	-	-	-	(40.5%)	(51.9%)	-	-	(49.2%)	-

Figure 2.2 – Peer Benchmarking: Rental Rates

It is important to note that nearly all the peer institutions are in larger markets across the United States than Winston-Salem. The cost-of-living adjusted basis is an average of 36% more expensive than the Winston market based on the Consumer Price Index (Bureau of Labor Statistics). RJA adjusted all rates based on each peer institution's geographic location. When applying individual cost-of-living adjustments to the corresponding rates in Figure 2.2, all School of the Arts' existing on-campus housing rates remain 20% lower than the adjusted average for each unit type (as seen in Figure 2.3).

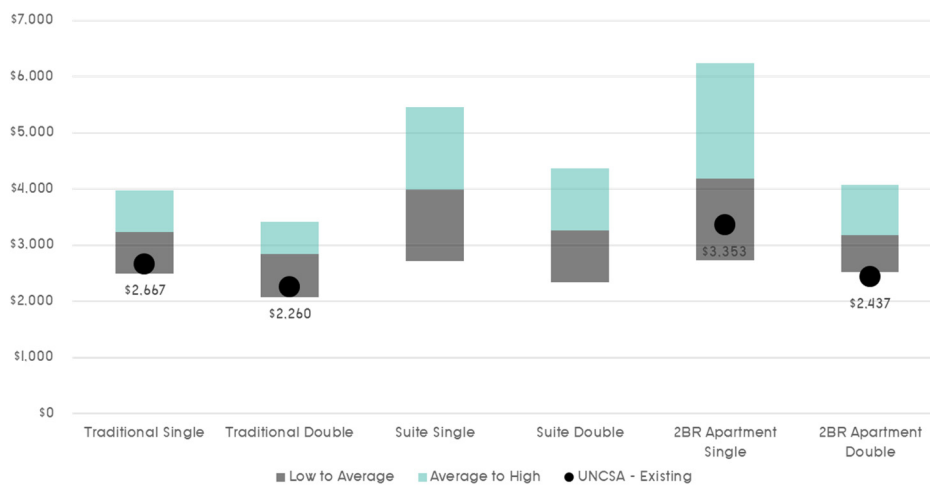


Figure 2.3 – Peer Benchmarking: Cost-of-Living Adjusted Rental Rates

In addition to gaps in unit-type offerings and rental rates, the other significant outcome of the benchmarking analysis is the number of recent capital investments that UNCSCA's peer institutions have been making in their housing offerings. For example, Savannah College of Art and Design recently purchased land to construct Victory Village II next to the previously purchased Victory Village I (delivered in fall 2018). Phases I and II will house 900 total students in one, two, and four-bedroom apartments with single-occupancy bedrooms. Victory Village offers amenities such as a ground floor general store and an outdoor patio. The new housing and amenities are being promoted as a competitive draw to attract more students to SCAD.



Figure 2.4 – “Victory Village I” (top) and “Victory Village II” Renderings (bottom) at SCAD

Compared to its selected peer institutions, School of the Arts does not offer any suite-style living arrangements for students. All UNCOSA's housing rates are far below its peers even after normalizing peer rates based on the cost-of-living in various markets. In addition to offering balanced housing systems, UNCOSA's peer institutions are investing in housing to help recruit and retain students. These are the same students that School of the Arts is competing for as a nationally-recognized top-ranked creative and performing arts conservatory.

OFF-CAMPUS MARKET ANALYSIS

The off-campus market surrounding the UNCOSA campus accommodates students but does not intentionally focus on them. None of the 19 local apartment communities analyzed and shown in Figure 3.1 are purpose-built student housing. Thirteen of the properties have been built/renovated since 2001, largely in response to a growing downtown population. All properties are relatively close to campus (average drive time of 11 minutes) with a large number located north / northwest toward the central business district of Winston-Salem. The average occupancy rate of these properties is 93% based on data provided by each community’s management professionals. These apartment communities, which consist of an estimated 4,200 total units, offer one, two, and three-bedroom configurations. None of the properties analyzed offered four-bedroom units. All communities offer 12-month lease terms. None offer nine-month options to accommodate academic-year leases for students.

Property	Distance from UNCOSA (miles)	Rent / Bed / Month				
		Studio	1BR	2BR	3BR	4BR
1 Hilltop House	1.4		\$894	\$675		
2 Plant 64	2.0		\$1,125	\$845		
3 Link Apartments Brookstown	2.1		\$1,100	\$749		
4 The Residences at Diamond Ridge	2.1		\$600	\$325	\$250	
5 Village Lofts	2.4		\$1,040	\$640		
6 757 North Apartments	2.8		\$1,138	\$714		
7 Twin City Townhomes	2.8		\$499	\$327	\$233	
8 Mill 800	2.9		\$936	\$618	\$534	
9 The Edge-Flats on First	2.9		\$1,425	\$850		
10 Silas Creek Apartments	3.0		\$604	\$326	\$253	
11 Bromley Park	3.3		\$699	\$400		
12 Legacy Park	3.8		\$769	\$457		
13 The Pointe at Peters Creek	5.2		\$781	\$451		
14 Highland Oaks	5.2		\$753	\$473		
15 Chesterfield Apartments	5.3			\$326	\$270	
16 Brannigan Village Apartments	5.6		\$830	\$466		
17 Glendare Park Apartment Homes	6.7		\$707	\$430	\$352	
18 Savannah Place	8.7		\$969	\$550		
19 Salem Ridge Apartment Homes	8.9		\$648	\$354		
*AVERAGE:	4.1	-	\$932	\$595	\$385	-
*Shadow Market			\$839	\$499	\$483	\$549

*includes \$70 per month utility surchage

Figure 3.1 – Off-Campus Properties & Rental Rates

Figure 3.2 shows the average monthly cost of UNCOSA’s on-campus apartments compared to the whole off-campus rental market. This includes the apartment communities from Figure 3.1 and the nearby shadow market (single-family rental houses owned by private individuals). Estimated utility costs (based on feedback from property managers and students) have been added to all off-campus options to ensure that the total cost of living in an off-campus property is accurately compared to on-campus rates. Please note that the on-campus rates shown do not include meal plan costs given the difficulty to normalize that

variable for cost of living. Meal plans are required for all on-campus residents except for those living in Center Stage Apartments.

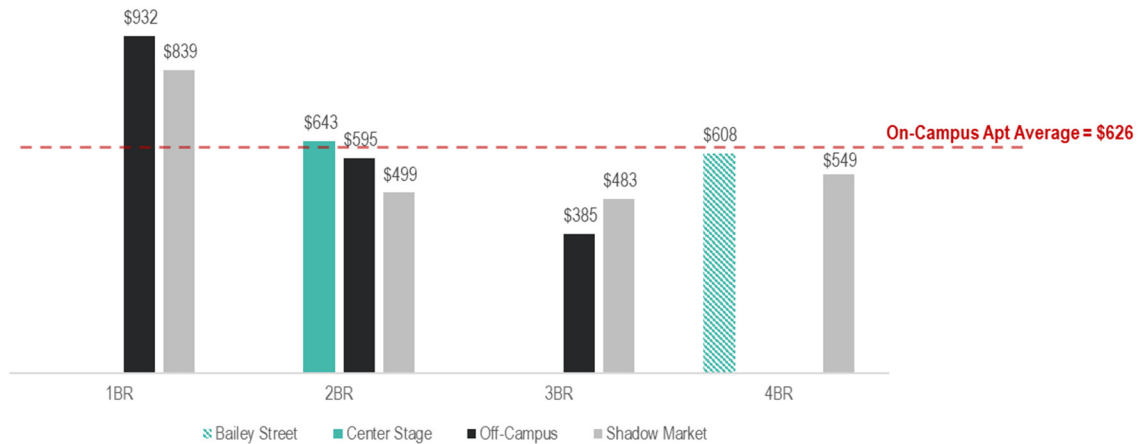


Figure 3.2 – Apartment Rental Rates & Total Cost of Housing

The monthly rate for a single-occupancy, two-bedroom apartment at the Center Stage Apartments is \$745, which is 25% higher than the apartment communities, and 49% higher than the shadow market. The monthly rate for a double-occupancy bedroom at Center Stage is \$542, or nine percent less expensive than off-campus apartment offerings, but nine percent higher than the shadow market. Two-bedroom offerings average \$595 per bedroom per month, and \$499 per bedroom in the apartment communities and the shadow market, respectively. While none of the off-campus apartment properties offer four-bedroom units, some four-bed options can be found in single-family houses for rent. The average monthly rate for those units is \$549 per bedroom. For the same offering at Bailey Street Apartments, the monthly rate is \$608 per bedroom, or 11% more expensive. Nationwide, on-campus housing is usually more expensive than off-campus offerings as students are willing to pay for convenience, proximity to campus resources, residence life programming, and the sense of community typically found within residence halls.

Student-focused off-campus apartments typically try to overcome the benefits of on-campus housing with price and amenities. Figure 3.3 shows the frequency of amenity offerings in the off-campus market compared to those offered in either Bailey Street or Center Stage (shown in green). While no off-campus apartment property offers every amenity on the list, nearly 80% of these communities offer pools, fitness centers, outdoor amenities, and clubhouses to attract students. Laundry facilities are commonly offered either in-unit or in a common area onsite for residents. Less than half of the apartment communities offer study lounges as is commonly found in on-campus residence halls.

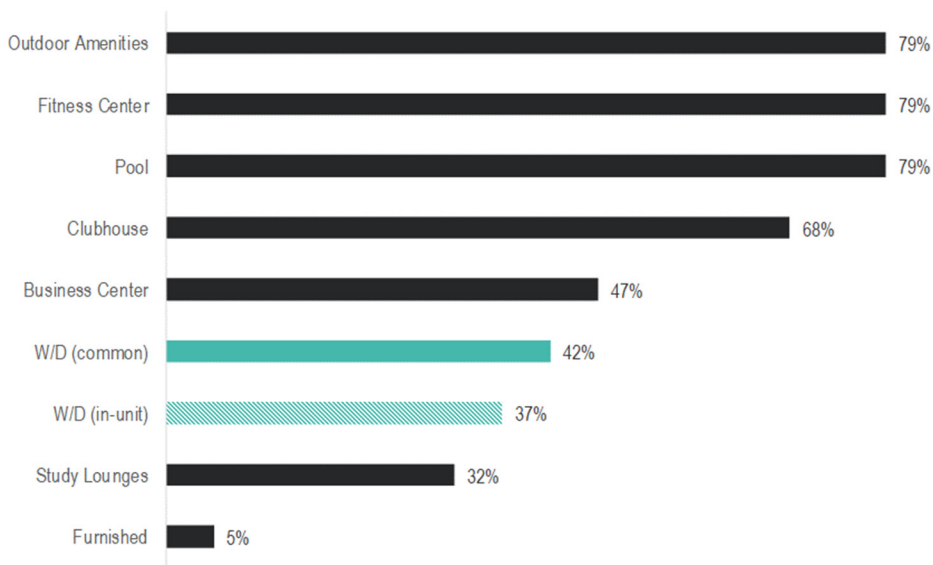


Figure 3.3 – Off-Campus Apartment Amenity Offerings

Off-campus offerings do not cater to students and most are not immediately proximate or walkable to campus. The lack of student-focused properties provides UNCASA the ability to attract and retain students that desire to live on campus. Students clearly understand the value of living on campus and the benefit of location and proximity to campus resources. However, the physical condition of UNCASA’s existing facilities coupled with affordable rental options can explain why juniors and seniors not required to live on campus move off campus.

STUDENT INPUT & SURVEY ANALYSIS

Student Focus Groups

RJA facilitated student focus groups in November 2018 with the goal of understanding more about the UNCSA residential experience. Approximately 20 students participated ranging from first-time freshmen through seniors with representation from each residence hall and off campus. RJA asked open-ended questions for students to engage in an in-depth discussion.

RJA first asked what drew the participants to School of the Arts. The three main reasons participants chose to attend UNCSA were: the quality of instructors, teachers, and specialty programs; campus size and the sense of community; and affordability compared to other top-tier creative and performing arts conservatories. Students overwhelmingly ranked the instructors, teachers, and programs as their top reason for attending School of the Arts. There was wide-spread agreement in one session after a student simply said, “this school sells itself.” Campus size, sense of community, and a non-urban setting were also important factors in the decision-making process to choose School of the Arts over other institutions they were considering (such as Savannah College of Art and Design, Fordham University, New York University, etc.). Students felt that UNCSA cultivates a supportive faculty and student population for an affordable price compared to its peers. All students emphatically agreed that School of the Arts was the right choice for them. The condition of the residence halls was a major topic of discussion as students compared their on-campus living experience to what they saw when touring other institutions.

Participants in all focus groups mentioned that Center Stage Apartments was the top choice for living on campus in UNCSA housing. While there were mixed feelings about safety on the short walk from Center Stage to campus, students still ranked Center Stage above the other on-campus options. Students felt that Residence Halls A-F and Bailey Street Apartments afforded more opportunities to be engaged on campus; however, discussions quickly shifted to the poor facility conditions in both buildings and the hope that new facilities and options could better use those convenient sites. Participants currently living in A-F or Bailey Street, who were not able live in Center Stage Apartments, expressed a desire for additional personal space. Students living in Residence Halls A-F stated that they do not need in-unit kitchens but would prefer more common spaces to interact with their fellow residents. Focus group participants expressed desires for more laundry facilities and more large windows to help facilities feel more spacious and let in natural light. All students agreed that improvements to A-F and Bailey Street would make it more attractive to remain on campus past the two-year live-on requirement. Students noted that on-campus safety is fine but has room for improvement, especially for students walking home after a late night of practice or studio work.

Only a handful of focus group participants lived off campus, but all students mentioned that their friends living off campus did so to have more space and to save money. The perception is that it’s cheaper to live

off campus and that you will get better physical conditions than Bailey Street Apartments. The cost of required meal plans and the lack of quality of on-campus dining options were consistent themes heard from students. Participants indicated that the distance from campus and the sometimes-varying physical conditions in nearby rental houses were drawbacks to living off campus. Questions about off-campus safety received mixed reviews depending on the neighborhood. Despite the varying conditions of off-campus housing, having to commute to campus, and some safety concerns, participants maintained that rental rates and additional personal space were attractive enough to warrant moving off campus.

Students participants chose School of the Arts overwhelmingly for the programs and instructors at the University, but the students were also passionate about improvements they would make to housing and residence life programming. Students expressed their gratitude that a survey would be sent out to gather more insight and study these items in detail.

Student Survey Analysis

RJA developed an internet-based survey following stakeholder meetings and student focus groups. The survey was distributed on November 27, 2018 to all 1,321 UNCSA students. High school students received the survey, but this Housing Master Plan focuses only on undergraduate and graduate students per direction from the institution. The survey received 293 responses (22.2% of the overall population, 19.4% of full-time students). There was even representation across all student classifications with only minor discrepancies between our survey sample and the overall institutional demographics. Additionally, students provided 15+ pages of written comments from respondents in the “optional comments” box at the end of the survey form. These comments have been shared with Housing and University stakeholders for their review separate from this report. Below are several key data points and takeaways from students that helped shape the Housing Master Plan’s overall recommendations.

Students were asked to rate their satisfaction with on-campus and off-campus living conditions, with a five being “very good” and a one being “very poor.” As shown in Figure 4.1, respondents indicated their satisfaction with the following tested options (in descending order): off-campus apartments (4.38), Center Stage Apartments (4.33), off-campus houses (3.95), Residence Halls A-F (3.55), and Bailey Street Apartments (3.30). These scores are consistent with focus group feedback from upper-division students (predominantly juniors and seniors) that desire to live in off-campus apartments if they were unable get into the highly-desired Center Stage Apartments. Satisfaction scores from lower-division students (freshmen and sophomores) living in Halls A-F and Bailey Street match the focus group feedback that the poor physical condition of those facilities is negatively impacting their housing experience.

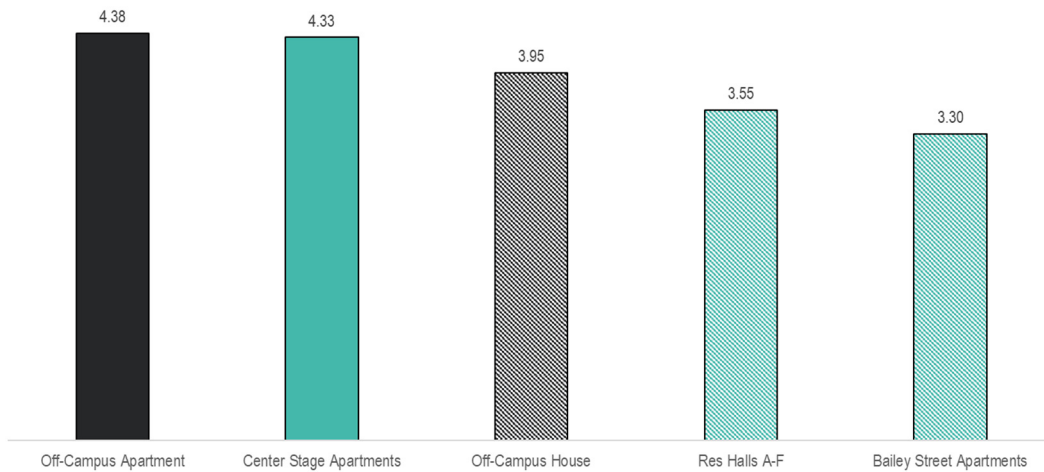


Figure 4.1 – Satisfaction with On-Campus & Off-Campus Housing

Safety and security were highly rated among survey respondents. Students currently living on campus (or who have lived on campus in the past) were asked to rate how safe they felt on campus. Students who live off campus were asked to rate off-campus safety. The options ranged from “very safe” to “safe” to “unsafe” to “very unsafe” for both questions. Figure 4.2 shows that 97% of students feel “very safe” and “safe” living on campus, and 95% of students feel “very safe” and “safe” living off campus. The overall perception of safety and security amongst UNCSA students is a testament to the institution’s focus on student safety.

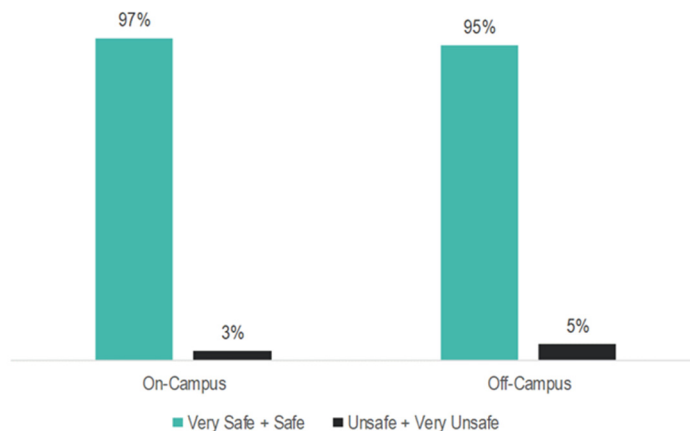


Figure 4.2 – On-Campus & Off-Campus Safety

Figure 4.3 summarizes the most and least valuable aspects of living on campus according to survey respondents. Location/convenience was far and away the most valuable aspect to living on campus at UNCSA with 73% of all respondents choosing that option. Proximity to friends and peers was the second most valuable aspect, which supports the focus group comments where students noted the strong on-campus community at School of the Arts. Affordability and campus dining options ranked as the students’

least valuable aspect to living on campus. More upper-division students chose affordability and skewed results slightly higher for that option. Students added additional context in written comments, most of which focused on the dated first-year housing (A-F) and age of Bailey Street.

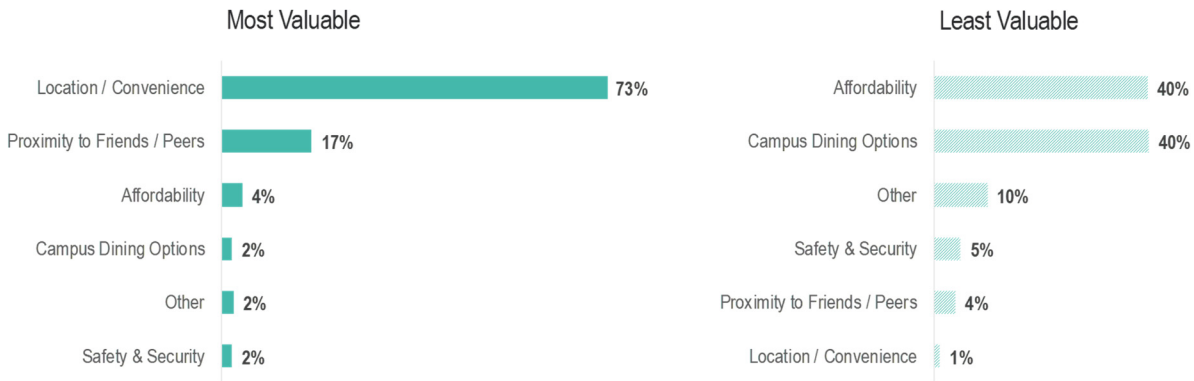


Figure 4.3 – Most & Least Valuable Aspects to Living on Campus

Respondents were asked which improvements to residential facilities would be most important to them. All respondents indicated that having more living units with kitchens would be most important (55%), followed by more single-occupancy bedrooms (43%), which is indicative of students desiring more privacy in their living situations. Figure 4.4 separates responses based on the two-year live-on requirement (freshmen and sophomores) compared to non-policy students (juniors, seniors, and graduate students). The lower-division students in A-F desire more independent living options, and the upper-division students (primarily located in Bailey Street and Center Stage) desire more space to collaborate and build community with fellow residents. Students want to be near their cohorts in their respective programs, but students desire individuality in their own units. Students were also given the opportunity to provide open-ended comments. Most of those comments focused on the desire for new or improved facilities before “graduating” to Center Stage Apartments.

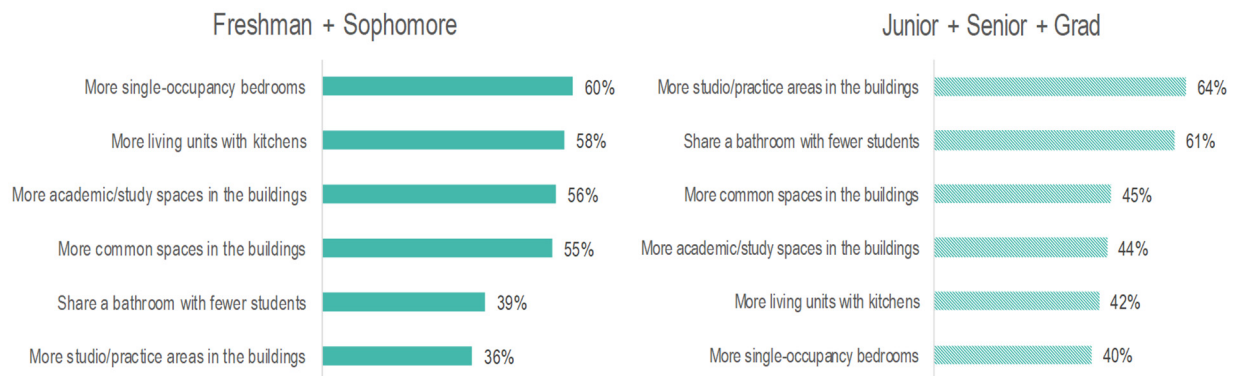


Figure 4.4 – Desired Improvements to On-Campus Housing Facilities

Survey respondents were asked if they would be willing to pay a premium for new or renovated facilities. Seventy-six percent (76%) of full-time respondents interested in living on campus indicated a willingness to pay a premium over current rental rates for their desired improvements. As shown in Figure 4.5, 54% would pay a 5+% premium for improved housing and 22% indicated they would pay a 10+% premium.

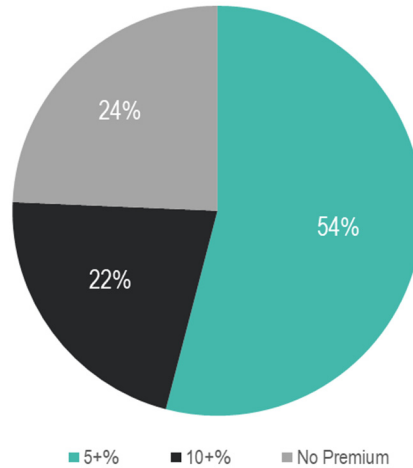


Figure 4.5 – Students Willing to Pay a Premium for New/Improved Housing

Three out of four students indicating that they are willing to pay a premium for improved housing provides UNCSCA an excellent opportunity to increase student satisfaction and the residential experience through improved on-campus housing offerings.

Students were asked whether they would prefer double-occupancy or single-occupancy rooms. The question clearly stated that a single-occupancy room would command a 15-20% rate premium compared to having a roommate. Figure 4.6 shows the preferred occupancy configurations by student classification. All classes (except juniors) showed a preference for single-occupancy rooms if given the option, regardless of the price differential. Juniors that showed a preference for double-occupancy rooms expressed in their written comments at the end of the survey that their program peers were instrumental in developing their talents, which explains the reason for a higher preference for double-occupancy housing. These students are an excellent target market for the double-occupancy Center Stage Apartment units. In general, all UNCSCA students value their individual privacy but also appreciate the unique sense of community at School of the Arts.

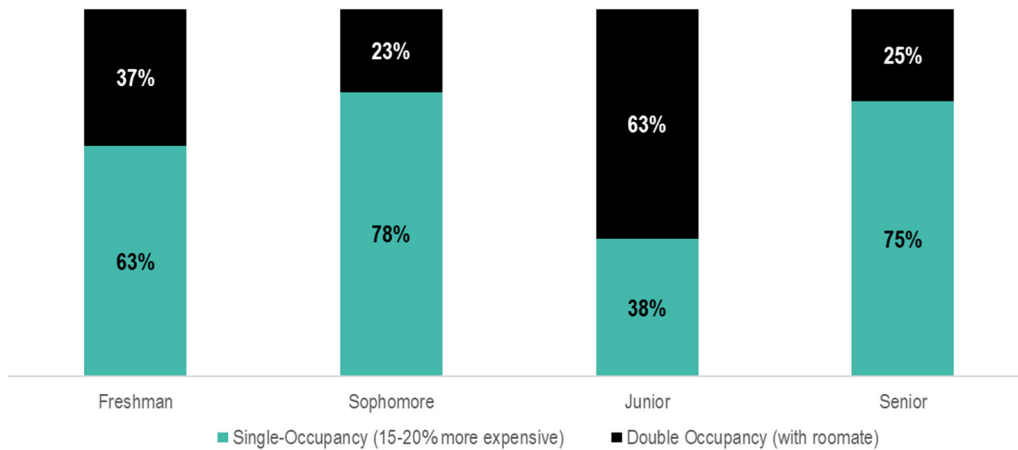


Figure 4.6 – Bedroom Occupancy Preference by Student Classification

The survey asked students living off campus how much they pay monthly for rent and utilities (shown in Figure 4.7). Responses ranged from “less than \$350” to “more than \$700” per month off campus, which is consistent with the off-campus market having a wide variety of unit types available for lease. The weighted average of the responses was \$467 per month, which is lower than UNCSA on-campus apartment rates.

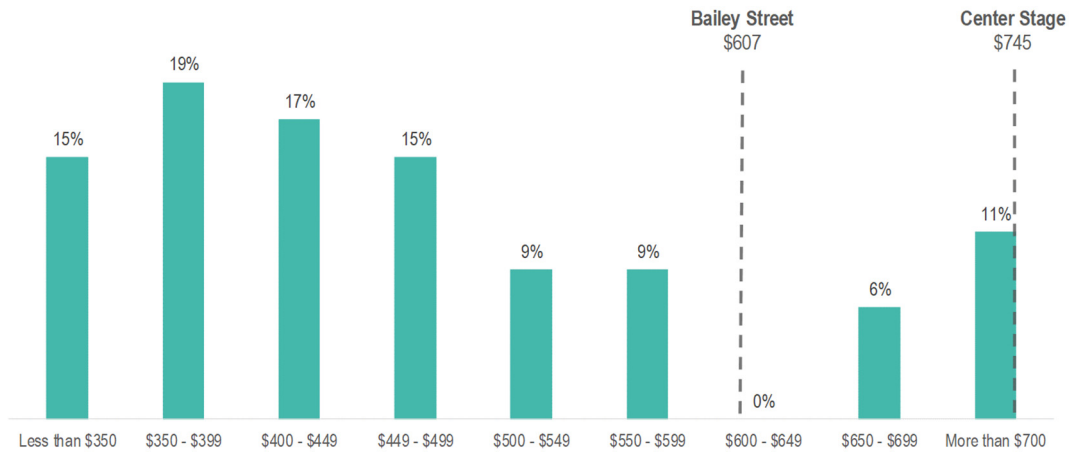


Figure 4.7 – Off-Campus Rent + Utilities (Monthly)

The survey asked, “If you live off campus or are considering moving off campus next year, please identify the reasons why.” Comments suggested off-campus rentals have more space, do not require a meal plan, and are in better physical conditions than the residence halls. Additionally, open-ended comments from students at the end of the survey were considered in the Housing Master Planning process. The most common themes from the 167 students that provided additional input were focused on:

- Poor existing physical conditions of the residence halls
- Outdated furniture

- Desire for upgraded bathrooms and/or fewer students per bathroom
- More kitchens and places to cook
- Less-expensive meal plans and better foodservice offerings
- Desire for more community and study spaces in the residence halls
- Ability for climate control in the rooms

School of the Arts is aware of this price delta and understands that junior and senior students choosing to pay a premium for Bailey Street or Center Stage are aware of the value provided by location and proximity to campus. The institution understands that it cannot and will not house all students on campus given the number of juniors and seniors seeking more affordable, independent living options off campus. That is an important strategic element to understand about this Master Plan. The primary focus is on improving the first and second-year residential life experience for policy students through higher-quality facilities. Policy students are willing to pay for those improvements and believe better housing facilities will improve their experience at School of the Arts. Center Stage satisfaction and occupancy rates are strong and should continue to remain that way as UNCOSA plans cosmetic upgrades for those facilities in the near future to ensure they remain attractive and competitive.

HOUSING DEMAND

RJA used a combination of methodologies to estimate potential demand for on-campus housing at School of the Arts. Our approach synthesizes student survey data, current and historical capture rates by classification, local market research, and peer benchmarking information, and national best practices for on-campus living. These components are analyzed and compared with UNCSCA housing policies (residency requirements, ability to live in specific unit configurations, etc.) and existing capture rates. The resulting demand for on-campus beds by type is extrapolated across the University’s fall 2018 enrollment figures. Demand can be adjusted based on an institution’s enrollment plans. The ultimate recommendation yields a market-based number of beds grounded in UNCSCA’s vision for housing.

The survey asked, “Which of the following would be your preferred on-campus unit?” Respondents saw the sample unit floor plans and estimated rental rates shown below (Figure 5.1). The tested rental rates were based on existing rates (Center Stage Apartments) and what would be required to financially support new construction to replace Residence Halls A-F and Bailey Street Apartments. Certain respondents (based on classification and their desired unit type) were then asked about living in a single-occupancy unit for a premium.

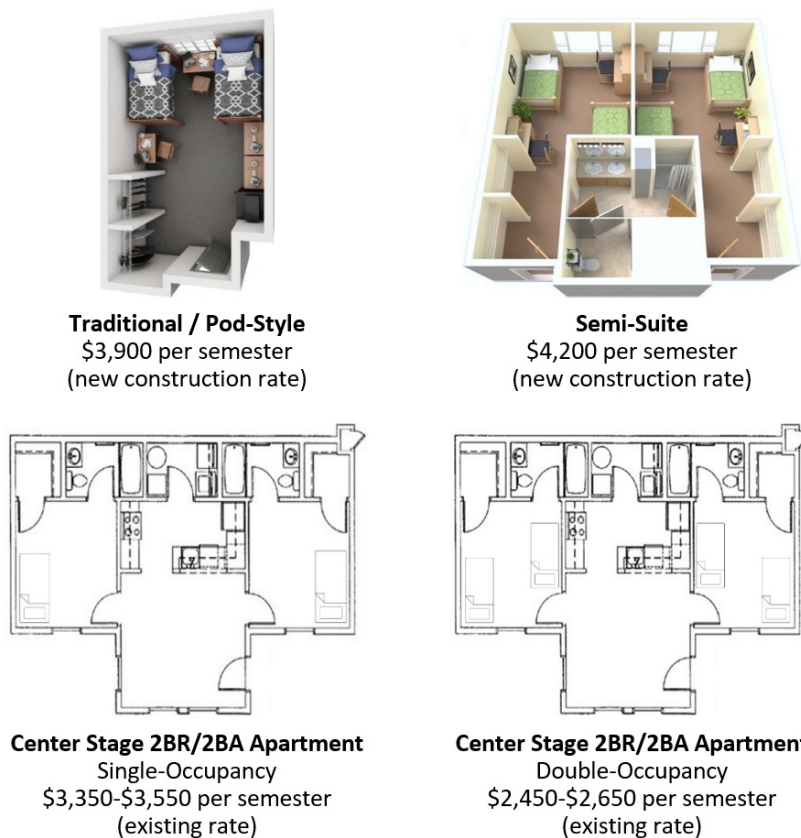


Figure 5.1 – Survey Tested On-Campus Housing Options

Figure 5.2 shows the projected on-campus housing demand and capture rates for the 2018-19 academic year based on our analysis. Freshmen and sophomore students required to live on campus based on UNCOSA’s existing residency requirements were not allowed to select apartment-style units. They only saw the traditional-style and semi-suite options. This was done intentionally at the request of UNCOSA based on their vision for campus living and the residential life experience at School of the Arts. Only juniors, seniors, and graduate students saw the apartment-style options that currently exist at Center Stage. The capture rate for freshmen (90.7%) is the actual rate for 2018-19 and is consistent with historical averages for first-time students. The capture rate for sophomores (75.0%) is slightly higher than the 2018-19 capture rate for second-year students; however, this is because UNCOSA has granted more live-on policy exemptions due to a lack of supply for second-year students. These exemptions will not be granted when replacement housing is built. The capture rates for juniors and seniors is true market demand. Graduate students were not given any option except Center State. All students currently living off campus that selected to live on campus satisfy a specific set of target market filters including falling between the ages of 18-24 and renting off campus for more than \$500 a month.

	2018-19 Capture	Potential Capture Rate	On-campus Bed Demand				
			Traditional	Semi-suite	Cnt Stg - Single Occ.	Cnt Stg - Double Occ.	TOTAL
Freshman (First-year)	90.7%	90.7%	70	183	0	0	253
Freshman (Other)	-	-	0	0	0	0	0
Sophomore	62.4%	75.0%	22	123	0	0	146
Junior	38.1%	50.4%	4	29	70	11	114
Senior / Other UG	37.8%	42.4%	0	12	70	0	82
Graduate	6.1%	18.6%	0	0	27	1	28
TOTALS:	52.1%	59.8%	96	348	167	12	622
Fall 2018 Supply			288	0	234	36	558
Excess Supply / (Demand Shortage)			192	(348)	67	24	(64)
Demolition of Residence Halls A - F			(288)	0	0	0	(288)
Demolition of Bailey Street			0	0	(92)	0	(92)
Post-Demolition Excess Supply / (Demand Shortage)			(96)	(348)	(25)	24	(444)

Figure 5.2 – Projected UNCOSA On-Campus Housing Demand (pre-policy adjustments)

School of the Arts students indicated strong demand for semi-suite housing compared to traditional-style or community housing. This is shown by the 348-bed deficit above. Total demand for on-campus apartments is consistent with UNCOSA’s apartment inventory post Bailey Street being taken offline. The over-supply of traditional beds is adjusted through policy and assignments.

RJA worked with the Committee to slightly adjust the demand by unit type as replacement housing was considered and residential policies were analyzed further. The total number of on-campus beds demanded did not change – only how students were assigned by classification and bed type. Figure 5.3 shows what happens if demand for traditional-style housing is shifted to semi-suite units when Residence

Halls A-F are demolished. All capture rates stay the same but total demand by bed type is shifted and balanced out by occupancy type (single vs. double rooms). Freshmen and sophomores will reside in semi-suites with more single-occupancy rooms available for second-year students based on survey results and their preferences. All freshmen will be required to live with a roommate (except in special circumstances). All juniors, seniors, and graduate students desiring to live on campus will have the option to live in Center Stage. Again, the number of UNCISA’s apartment-style beds post-Bailey Street removal matches the current demand profile at the tested price points. The projections call for 622 total on-campus beds compared to UNCISA’s current 558 beds. Nearly all the recommended beds are replacement (Halls A-F and Bailey Street) with 64 additional beds. The additional beds will be filled by sophomores that UNCISA is currently letting live off campus and the University’s slight increase in enrollment over the past five years.

	2018-19 Capture	Potential Capture Rate	On-campus Bed Demand				TOTAL
			Traditional	Semi-suite	Cnt Stg - Single Occ.	Cnt Stg - Double Occ.	
Freshman (First-year)	90.7%	90.7%	0	253	0	0	253
Freshman (Other)	-	-	0	0	0	0	0
Sophomore	62.4%	75.0%	0	146	0	0	146
Junior	38.1%	50.4%	0	33	70	11	114
Senior / Other UG	37.8%	42.4%	0	12	70	0	82
Graduate	6.1%	18.6%	0	0	27	1	28
TOTALS:	52.1%	59.8%	0	444	167	12	622
Fall 2018 Supply			288	0	234	36	558
Excess Supply / (Demand Shortage)			288	(444)	67	24	(64)
Demolition of Residence Halls A - F			(288)	0	0	0	(288)
Demolition of Bailey Street			0	0	(92)	0	(92)
Post-Demolition Excess Supply / (Demand Shortage)			0	(444)	(25)	24	(444)
Reallocation of Center Stage Occupancy			0	0	24	(24)	0
New Residence Hall // Bailey Street Site			0	444	0	0	444
Post-completion Excess Supply / (Demand Shortage)			0	0	(1)	0	0

Figure 5.3 – Projected UNCISA On-Campus Housing Demand (with policy adjustments)

Figure 5.4 compares the on-campus housing rates at UNCISA’s selected peer and cross-applicant institutions with their existing rates and tested survey rates. Again, the rental rates tested in the survey for new traditional-style and semi-suite housing are more expensive than the current cost to live at Center State Apartments. The demand shown herein reflects those higher price points for first and second-year housing as that’s what the survey tested. This was done intentionally given the cost of new construction and UNCISA’s desire for institutional-quality construction on the future housing sites identified in the Campus Master Plan. These sites are near the core of campus and for many reasons, including the fact that replacement housing will be for first and second-year students, there is a desire for non-wood-frame construction at this time.

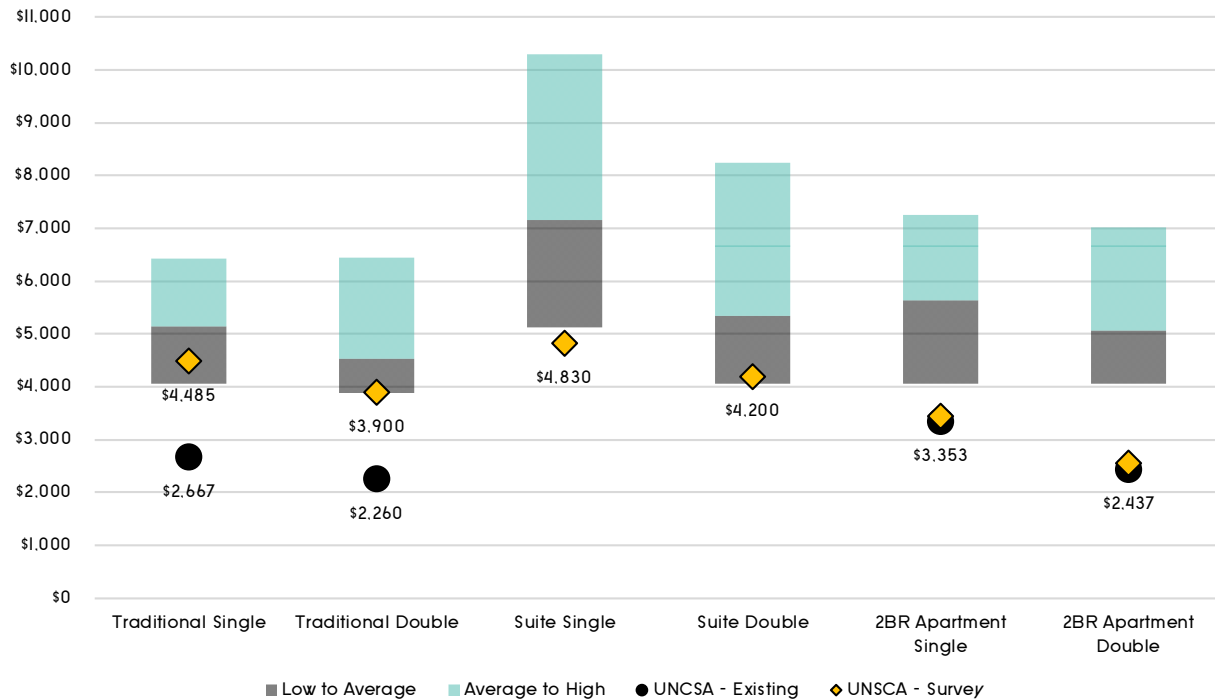


Figure 5.4 – Tested Rental Rates vs. Peer Benchmarking Ranges

The range of peer on-campus housing rates are shown in the gray and teal bars in Figure 5.4. The gray bars represent the low end of the range to the average. The teal bars represent the average rates to the high-end across the peer spectrum. Everything is broken out by unit type. The black circles show UNCSA's existing rates and the yellow diamonds show the rates tested in the survey. The key takeaway is that the tested rates that drive on-campus housing demand at School of the Arts are still below the average housing cost for all unit types at their selected peer and cross-applicant institutions. This is especially important given UNCSA's enrollment makeup and larger number of out-of-state students compared to other UNC System schools.

Supporting Materials & Exhibits

RIETH JONES
ADVISORS

UNC SCHOOL OF THE ARTS



Housing Master Plan
UNC System Staff Discussion
March 2019

Agenda - UNC System Discussion

March 2019

- Work Plan
- Summary of Findings
- Analysis & Support
 - Competition Assessment
 - Student Feedback & Survey Analysis
 - Demand Analysis
- Preliminary Economics & Delivery Options
- Discussion & Next Steps



Work Plan

Student Housing Market Study + Housing Master Plan

Defining UNCOSA's Strategic Housing Objectives

- ✓ Review Planning Information
- ✓ Define Strategic Objectives
- ✓ Stakeholder Interviews

Student Housing Demand Assessment

- ✓ Student Focus Groups
- ✓ Competition Assessment
 - ✓ Off Campus Marketplace
 - ✓ Peer Institutions
- ✓ Student Feedback & Survey Analysis
- ✓ Demand Analysis
- ✓ Financials & Delivery Options
- ✓ Considerations & Next Steps

Financial Modeling & Delivery Evaluation

- ✓ Develop Comprehensive Housing Program & Project Proforma Model
- ✓ Finalize Program, Operating, Capital, & Project Cost Assumptions
- ✓ Summary of Recommendations
- ✓ Evaluate Projected Impact of Various Financing Structures
- ✓ Approval Review & Support
- ✓ Follow-up Financial Working Session
- ✓ Board of Trustees Presentation
 - UNC System Presentation & Discussion

Summary of Findings

Housing Master Plan

1. UNCOSA offers no suite-style housing - only traditional-style and apartment options on campus.
2. On-campus rates at UNCOSA are significantly below identified peers for all unit types.
3. The off-campus market has a wide variety of offerings but none are student-focused.
4. Center Stage remains an attractive option for juniors, seniors, and graduate students.
5. Students are willing to pay a premium for new or improved on-campus housing.
6. The demand analysis confirms UNCOSA's desire to replace Residence Halls A-F and Bailey Street Apartments with new housing.
7. This Housing Master Plan will recommend replacement housing focused predominantly on single and double-occupancy semi-suites for freshmen and sophomores.
8. UNCOSA has multiple financially-feasible options for the recommended project.

Competition Assessment

Peer Institutions - Housing Program

Institution	% Trad	% Suite	% Apt	Live On Req	Hsg Capture Rates	
					% FTDS	So/Jr/Sr
1 Carnegie Mellon	36%	30%	33%	1	100%	43%
2 Fordham (Ailey)	51%	15%	34%	0	77%	42%
3 Juilliard	0%	100%	0%	1	99%	43%
4 Massachusetts College of Art and Design	0%	31%	69%	0	82%	33%
5 New York University	10%	34%	56%	0	85%	31%
6 Oberlin	80%	0%	20%	3	99%	79%
7 Rutgers	54%	10%	36%	0	91%	33%
8 Savannah College of Art and Design	0%	78%	22%	0	99%	27%
9 SUNY - Purchase	16%	43%	40%	0	86%	63%
10 University of Southern California	12%	18%	70%	0	98%	31%
Average	26%	36%	38%	1	92%	42%
11 UNC-School of the Arts	52%	0%	48%	2	91%	47%

UNCSCA has no suite-style inventory on campus. Peer schools identified by UNCSCA offer an average of 36% suites.

UNCSCA's two-year live-on requirement will continue to ensure a strong on-campus housing capture rate.



Competition Assessment

Peer Institutions - Housing Rates (by semester)

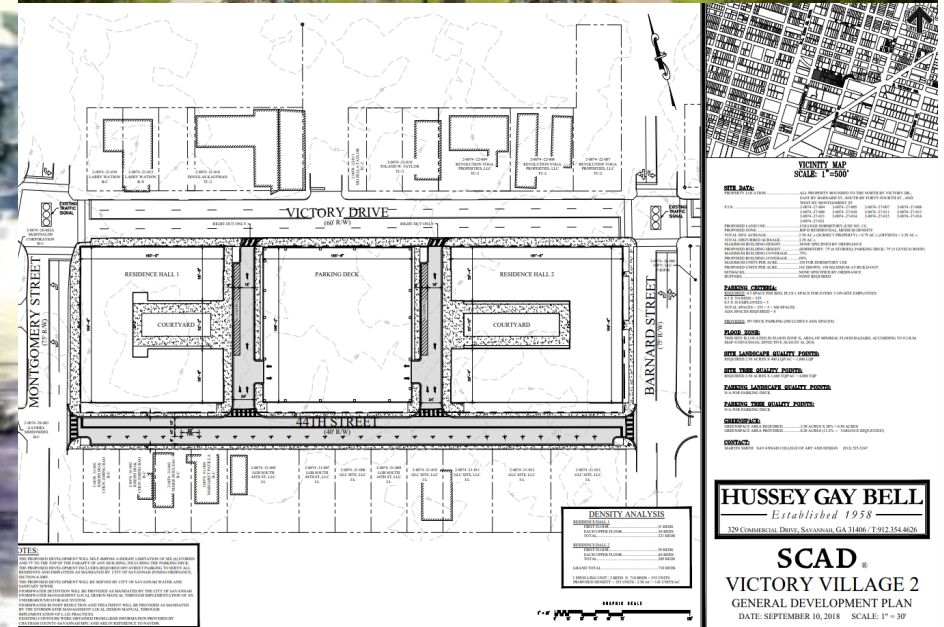
Institution	Traditional		Suites		Apartments							
	Single	Shared	Single	Shared	1BR Single	1BR Shared	2BR Single	2BR Shared	3BR Single	3BR Shared	4BR+ Single	4BR+ Shared
1 Carnegie Mellon University	\$4,710	\$3,919	\$5,127	\$4,425	\$5,145	\$4,749	\$5,046	\$4,864	\$5,279	\$4,896	-	-
2 Fordham University	\$5,516	\$4,680	\$5,792	\$4,454	\$8,353	-	\$7,245	\$5,106	\$5,609	\$5,282	\$5,068	\$4,579
3 The Juilliard School	-	-	\$10,285	\$8,235	-	-	-	-	-	-	-	-
4 Massachusetts College of Art and Design	-	-	\$6,680	\$5,602	\$6,149	\$4,966	\$5,501	\$5,687	-	\$5,265	\$6,680	-
5 New York University	-	\$6,445	\$8,373	\$6,531	\$9,946	\$7,685	\$6,803	\$7,014	-	\$5,801	-	-
6 Oberlin College	\$4,054	\$4,054	-	-	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	-
7 Rutgers University	-	\$3,873	-	\$4,056	-	-	\$5,401	\$4,356	\$5,420	-	\$5,304	-
8 Savannah College of Art and Design	-	-	-	\$4,543	\$7,424	-	\$5,640	\$4,856	-	\$4,856	\$5,424	\$5,424
9 State University of New York at Purchase	\$4,985	\$4,001	-	\$4,729	-	-	\$5,181	\$4,985	\$5,737	\$5,224	\$5,819	\$4,669
10 University of Southern California	\$6,418	\$4,769	\$6,633	\$5,429	\$5,578	\$4,534	\$5,856	\$4,666	\$5,393	\$5,256	\$5,333	\$5,415
Average	\$5,137	\$4,534	\$7,148	\$5,334	\$6,664	\$5,198	\$5,636	\$5,065	\$5,249	\$5,079	\$5,383	\$5,022
11 University of North Carolina School of the Arts	\$2,667	\$2,260	-	-	-	-	\$3,353	\$2,437	-	-	\$2,735	-
\$ Premium / (Discount) to Average	(\$2,470)	(\$2,274)	-	-	-	-	(\$2,283)	(\$2,628)	-	-	(\$2,648)	-
% Premium / (Discount) to Average	(48.1%)	(50.2%)	-	-	-	-	(40.5%)	(51.9%)	-	-	(49.2%)	-

UNCSA's on-campus housing offerings are priced 48% below the identified peer group averages.

Current housing rates at UNCSA will not support the cost of comprehensive renovation or new construction.

Competition Assessment

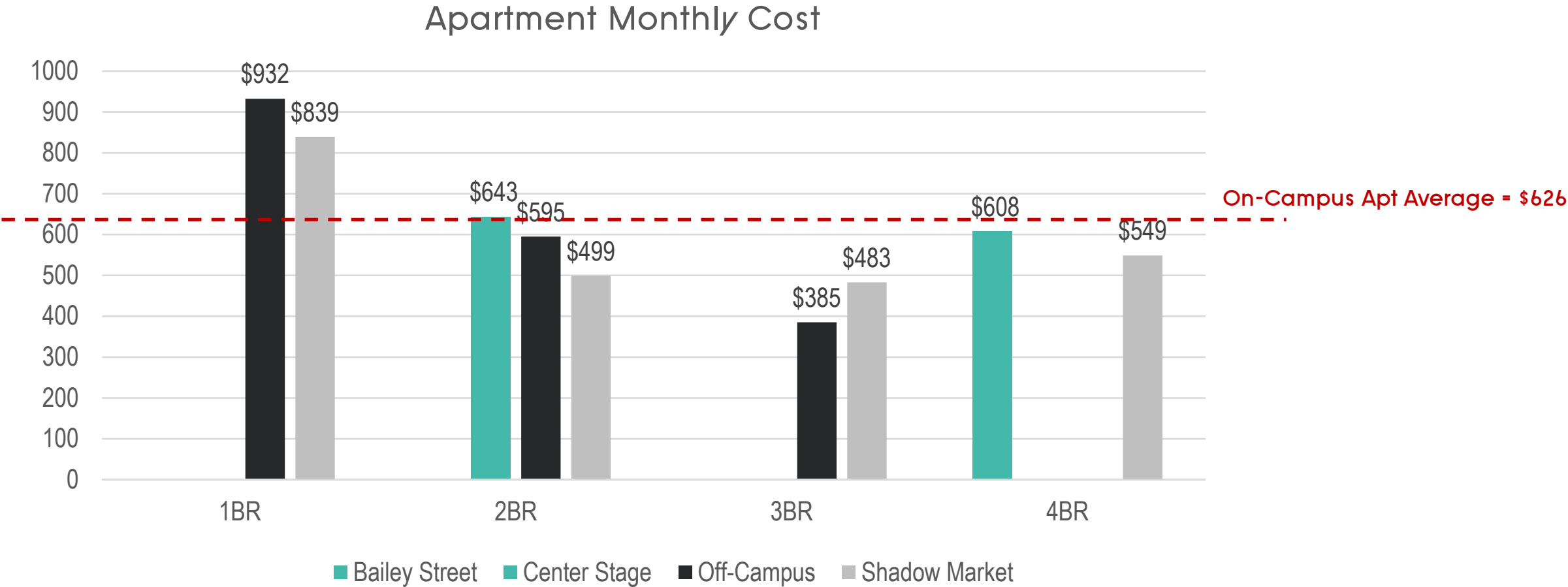
Increasingly Competitive Marketplace



SCAD Victory Village I (open) & II (under construction)

Competition Assessment

Off-Campus Marketplace



48% of student survey respondents rent single-family homes off campus (identified as the shadow market).

Average off-campus rental rates (apartments & houses) are slightly below UNCOSA on-campus apartment rates.

Student Feedback

Focus Group Themes & Takeaways

Why did you choose to attend UNCOSA?

- Programs / Instructors / Deans
- Sense of Community
- Convenience / Non-Urban Setting
- Overall Affordability

What do you like most about on-campus housing at UNCOSA?

- Convenience / Location
- Sense of Community

What would you most like to improve about on-campus housing?

- Lower student-to-bathroom ratios
- More single-occupancy bedrooms
- More common spaces and kitchens

What's driving you to move off campus?

- On-Campus Housing Conditions
- Privacy
- Affordability & Value

Student Feedback

Student Survey Demographics

293

total respondents

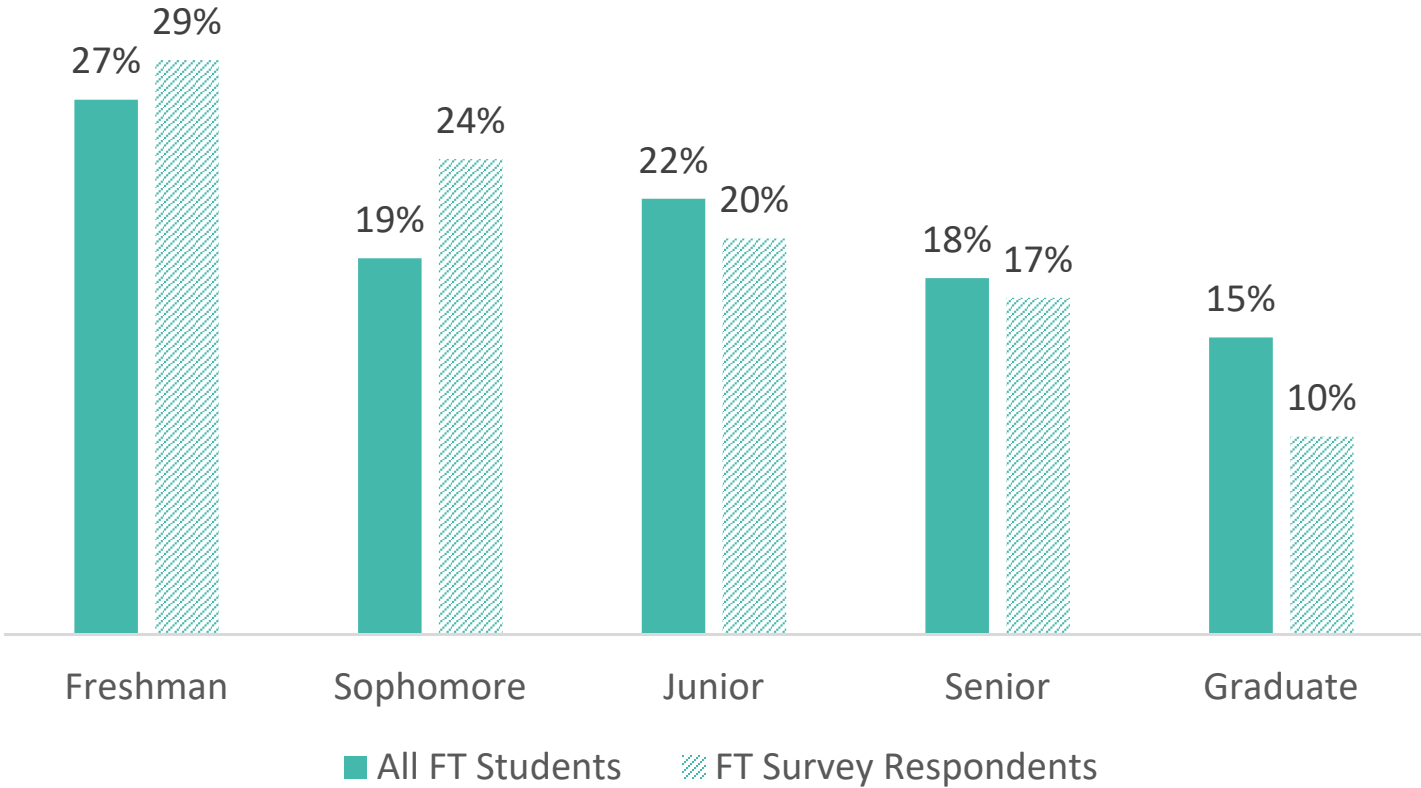
22%

total response rate

15%

full-time response rate

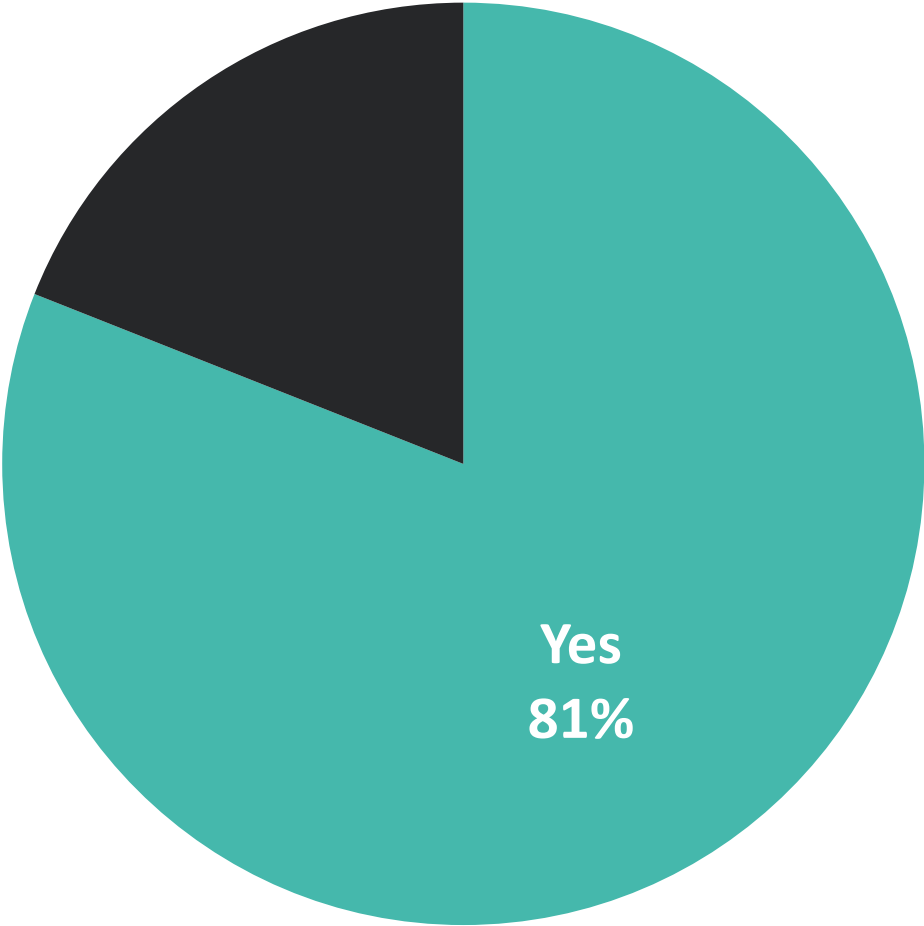
Comparison of Survey Respondents to UNCSA Demographics



Student Feedback

Key Takeaways

Has living on campus had a positive impact on your experience at UNC CSA?



95%

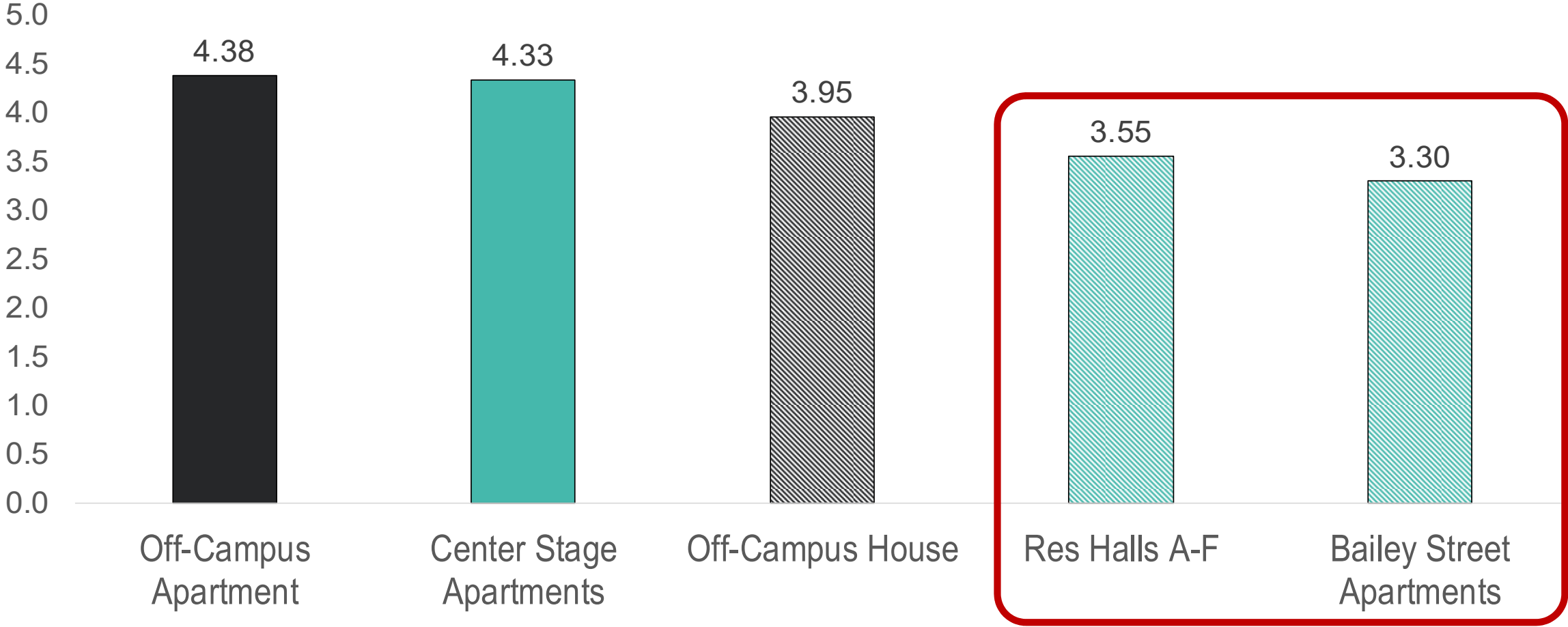
of students feel very safe or safe off campus

97%

of students feel very safe or safe on campus

Student Feedback

How satisfied are you with your current living conditions?

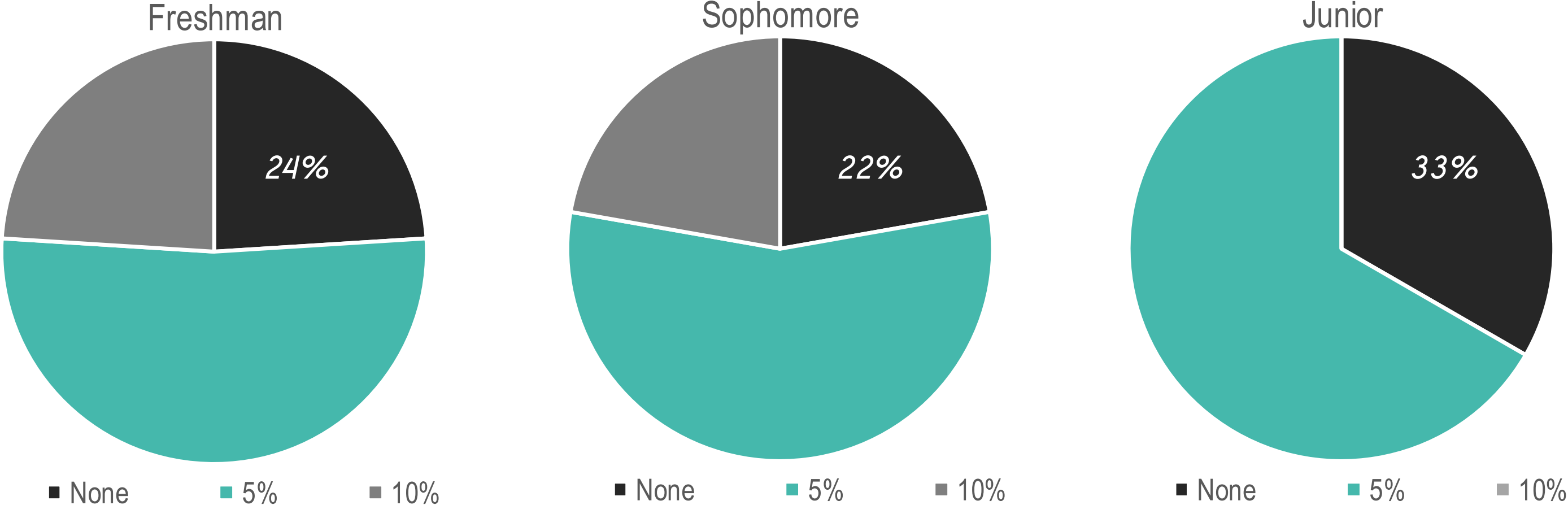


Off-campus apartments rank highest (5.0 very good) with Center Stage closely behind.

Res Halls A-F and Bailey Street bring down the UNCOSA satisfaction average (Bailey 1.03 points below Center Stage).

Student Feedback

Would you be willing to pay a premium for improvements / new housing?



76% of full-time respondents interested in living on campus indicated they would pay a premium for new / improved housing.

54% of students would pay a 5+% premium + 22% would pay a 10+% premium.

Demand Analysis

Methodology

- Combination of various methodologies to determine UNCOSA's maximum potential on-campus housing demand:
 - Student survey data
 - Residential life policies & best practices
 - Peer & institutional benchmarking
 - Off-campus market analysis
- Demand is applied to Fall 2018 enrollment and increased / decreased annually based on institutional projections.
- The Housing Master Plan's final demand recommendation will yield a market-based solution that balances institutional mission with economic realities.

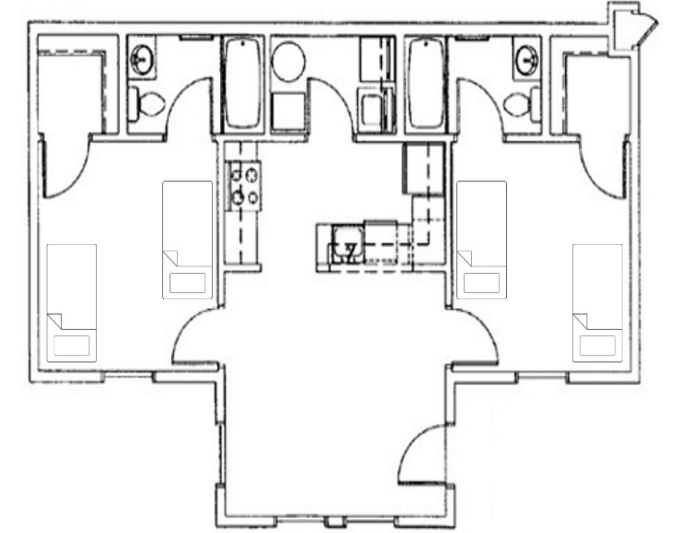
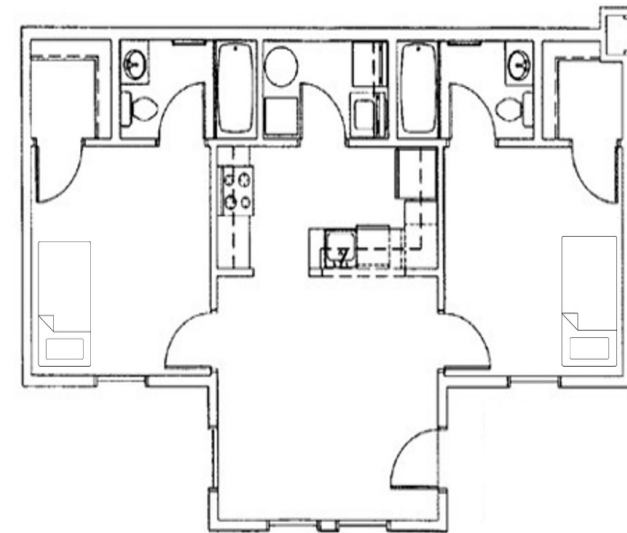
Demand Analysis

Tested Unit Types & Rental Rates

Which of the following would be your preferred on-campus unit?

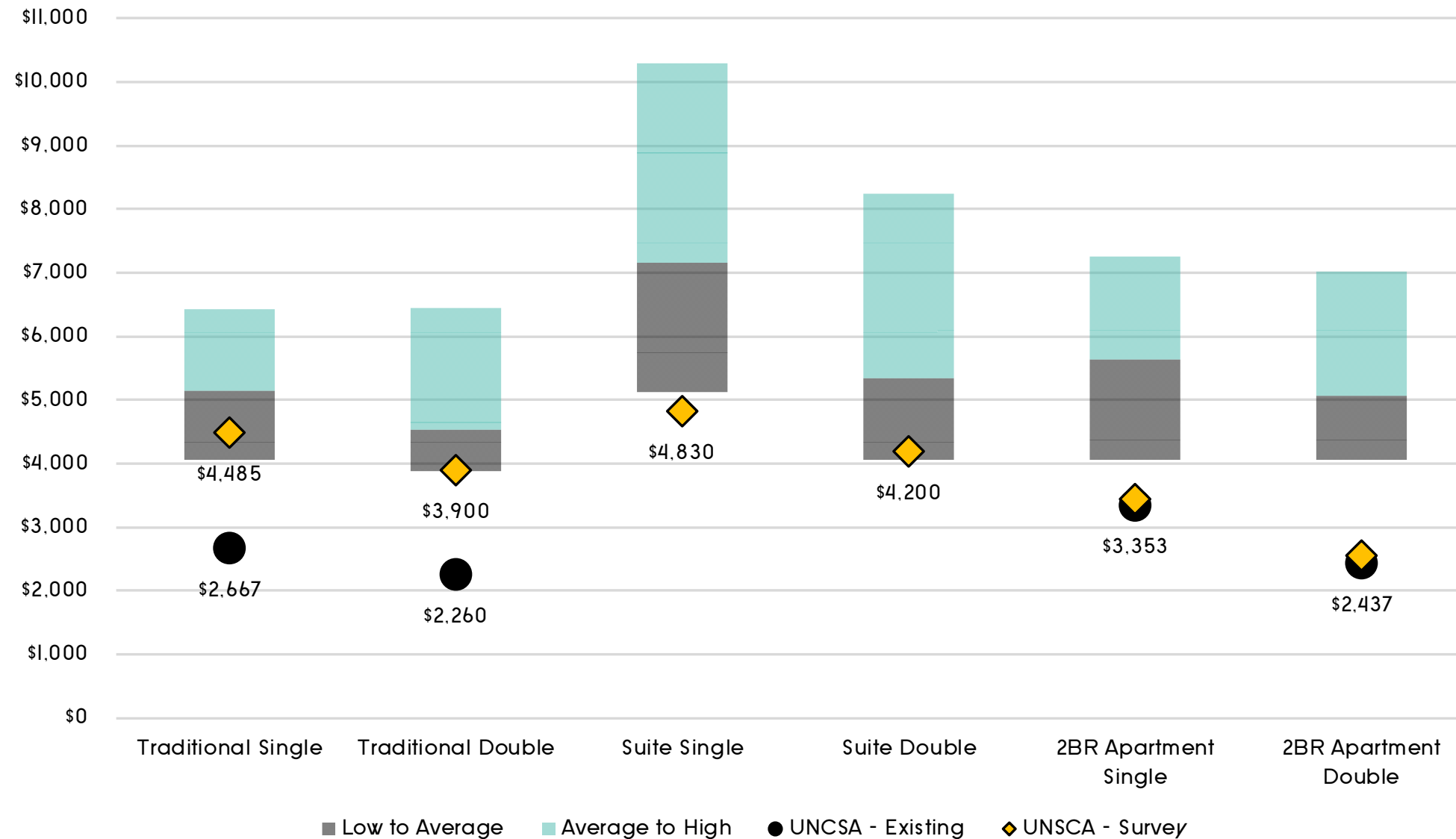
- Traditional / Pod-style (\$3,900 / semester, new rate)
- Semi-suite (\$4,200 / semester, new rate)
- Center Stage 2BR/2BA apartment, single-occupancy (\$3,350 - 3,550 / semester, existing rate)
- Center Stage 2BR/2BA apartment, double-occupancy (\$2,450 - 2,650 / semester, existing rate)

	Bedroom	Bathroom	Living Room	Kitchen
Traditional / Pod	Y	N	N	N
Semi-suite	Y	Y	N	N
Apartment	Y	Y	Y	Y



Demand Analysis

Survey, Existing, and Peer Rate Comparison



Rental rates tested in the survey that inform these demand recommendations are below the on-campus housing rates at the peer and cross-applicant institutions identified by UNCSA.

Demand Analysis

Aligning Supply & Demand

	2018-19 Capture	Potential Capture Rate	On-campus Bed Demand				TOTAL
			Traditional	Semi-suite	Cnt Stg - Single Occ.	Cnt Stg - Double Occ.	
Freshman (First-year)	90.7%	90.7%	70	183	0	0	253
Freshman (Other)	-	-	0	0	0	0	0
Sophomore	62.4%	75.0%	22	123	0	0	146
Junior	38.1%	50.4%	4	29	70	11	114
Senior / Other UG	37.8%	42.4%	0	12	70	0	82
Graduate	6.1%	18.6%	0	0	27	1	28
TOTALS:	52.1%	59.8%	96	348	167	12	622
Fall 2018 Supply			288	0	234	36	558
Excess Supply / (Demand Shortage)			192	(348)	67	24	(64)
Demolition of Residence Halls A - F			(288)	0	0	0	(288)
Demolition of Bailey Street			0	0	(92)	0	(92)
Post-Demolition Excess Supply / (Demand Shortage)			(96)	(348)	(25)	24	(444)

Students indicated strong demand for semi-suite housing over traditional-style housing.

On-campus apartment demand (post-Bailey removal) consistent with the current size of Center Stage.

Demand Analysis

Efficient Capital Projects & Meeting the Needs of Tomorrow's Students

	2018-19 Capture	Potential Capture Rate	On-campus Bed Demand				TOTAL
			Traditional	Semi-suite	Cnt Stg - Single Occ.	Cnt Stg - Double Occ.	
Freshman (First-year)	90.7%	90.7%	0 → 253		0	0	253
Freshman (Other)	-	-	0	0	0	0	0
Sophomore	62.4%	75.0%	0 → 146		0	0	146
Junior	38.1%	50.4%	0 → 33		70	11	114
Senior / Other UG	37.8%	42.4%	0	12	70	0	82
Graduate	6.1%	18.6%	0	0	27	1	28
TOTALS:	52.1%	59.8%	0	444	167	12	622
Fall 2018 Supply			288	0	234	36	558
Excess Supply / (Demand Shortage)			288	(444)	67	24	(64)
Demolition of Residence Halls A - F			(288)	0	0	0	(288)
Demolition of Bailey Street			0	0	(92)	0	(92)
Post-Demolition Excess Supply / (Demand Shortage)			0	(444)	(25)	24	(444)
Reallocation of Center Stage Occupancy			0	0	24	(24)	0
New Residence Hall // Bailey Street Site			0	444	0	0	444
Post-completion Excess Supply / (Demand Shortage)			0	0	(1)	0	0

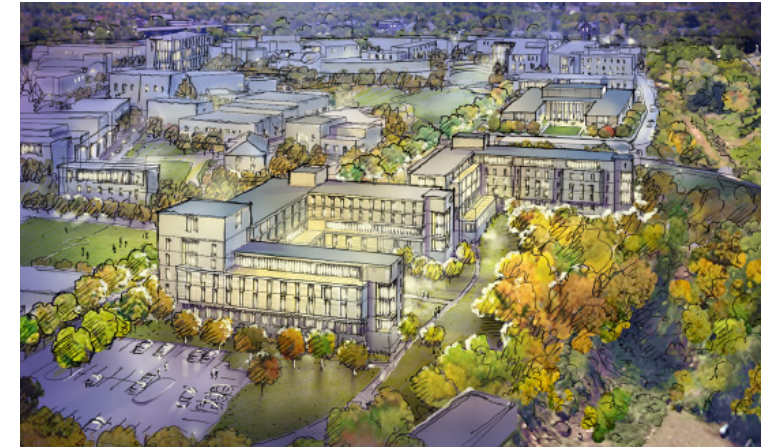
Recommending 444 new semi-suite beds to accommodate live-on policy (freshmen + sophomores).

Junior, senior, and graduate student on-campus apartment demand will continue to fill Center Stage.

Recommendations

Proposed Project & Building Program

- New residence hall located on the current Bailey Street site
- 444 semi-suite beds with associated common spaces + staff apartments
 - 38% single-occupancy beds (including resident advisor beds)
 - 62% double-occupancy beds
- Estimated 130,000 - 135,000 gross square foot residence hall
- \$42.1 - \$48.0M estimated total project cost (depending on structure)



	Scenario A Traditional General Revenue Bonds	Scenario B Foundation Financing with Master Lease	Scenario C Non-recourse Foundation Financing	Scenario D P3 with 501c3 Non-profit
Hard \$ / Bed	\$74,276	\$74,276	\$74,276	\$74,276
Soft \$ / Bed	\$12,673	\$13,752	\$14,004	\$15,066
Financing \$ / Bed	<u>\$7,784</u>	<u>\$8,017</u>	<u>\$14,727</u>	<u>\$18,826</u>
Total Project \$ / Bed	\$94,733	\$96,045	\$103,007	\$108,168

The Proposed Project

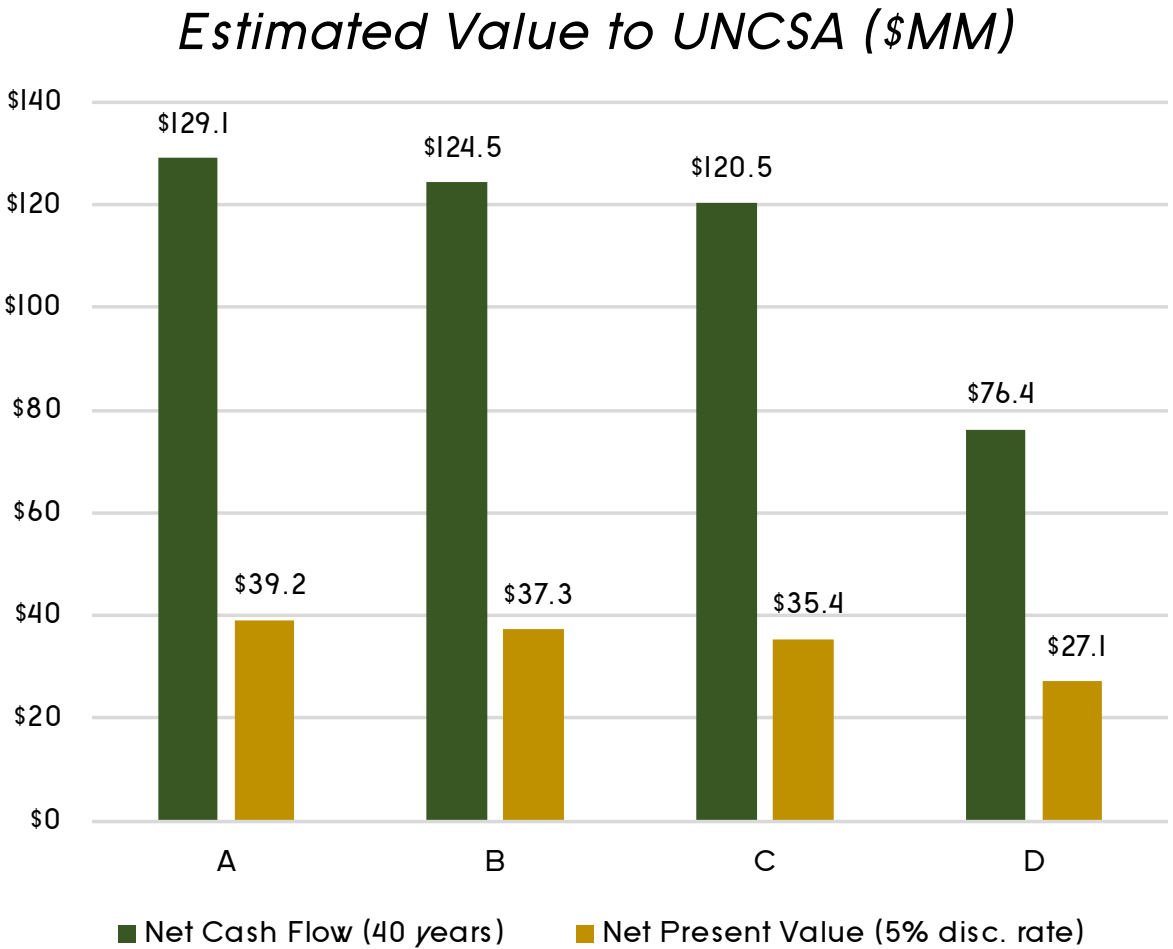
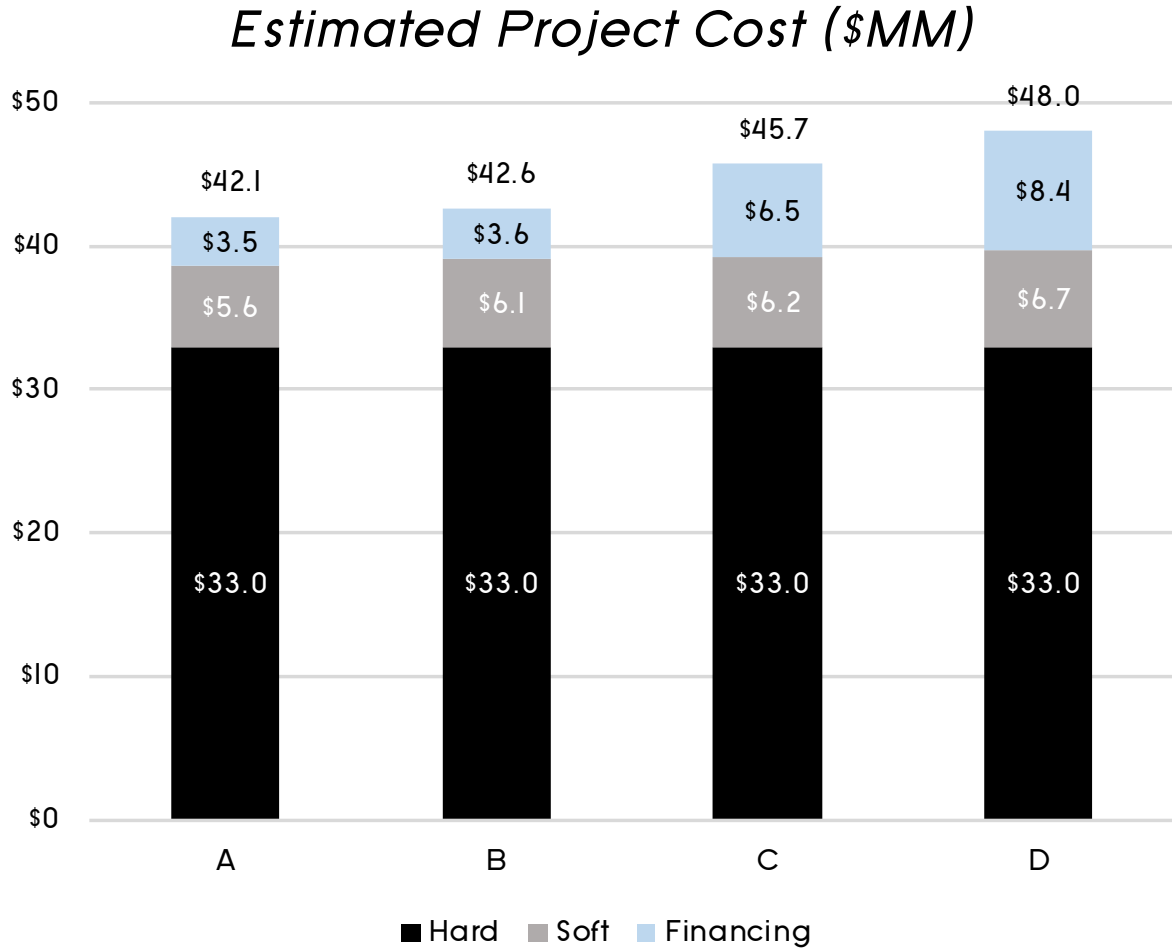
Delivery Options for UNCSCA

	Scenario A Traditional General Revenue Bonds	Scenario B UNCSCA Foundation Financing with Master Lease	Scenario C Non-recourse Foundation Financing	Scenario D Public-private Partnership with 501c3 Non-profit
Project Context				
Additional Administration	Low	Low	Medium	High
Cost of Capital (indicative)	4.22%	4.31%	4.57%	4.87%
Project Budget	\$42,061,397	\$42,643,884	\$45,735,199	\$48,026,613
Required Approvals				
General Assembly	Self-Liquidating	Self-Liquidating		
Board of Governors	Self-Liquidating Bond Financing	Self-Liquidating Bond Financing		Ground Lease
Council of State		✓	✓	
Other	Director of Budget	Director of Budget	Public Hearing	Public Hearing
Additional Information				
Rating	A3	Baa1	Baa3	Baa3
Impact on Statutory Debt Capacity	Dollar-for-dollar decrease	Dollar-for-dollar decrease	n/a	n/a
Other Considerations			Potential to incorporate Center Stage	Most complicated and expensive
Debt Term (years)	30	30	30	40

The Proposed Project

Economics of the Delivery Options

Scenario A	Scenario B	Scenario C	Scenario D
Traditional General Revenue Bonds	UNCSA Foundation Financing with Master Lease	Non-recourse Foundation Financing	Public-private Partnership with 501c3 Non-profit

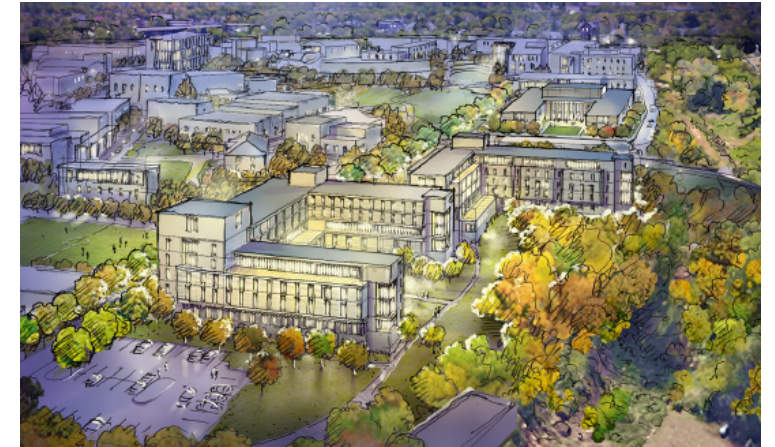


Discussion & Next Steps

Housing Master Plan

- Open Discussion

- Next Steps
 - Additional discussion and meetings (as necessary)
 - UNC system office
 - Campus community
 - Detailed project schedule development
 - Required approvals (BoG, GA, Council of State, etc.)
 - Financing
 - Design and construction



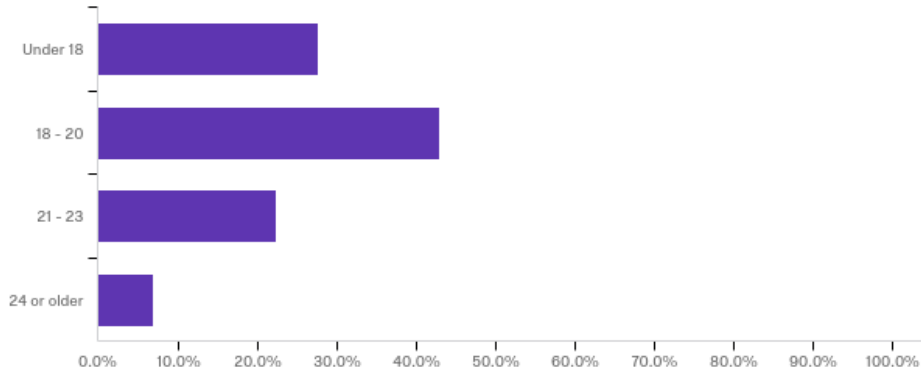
UNC SCHOOL OF THE ARTS



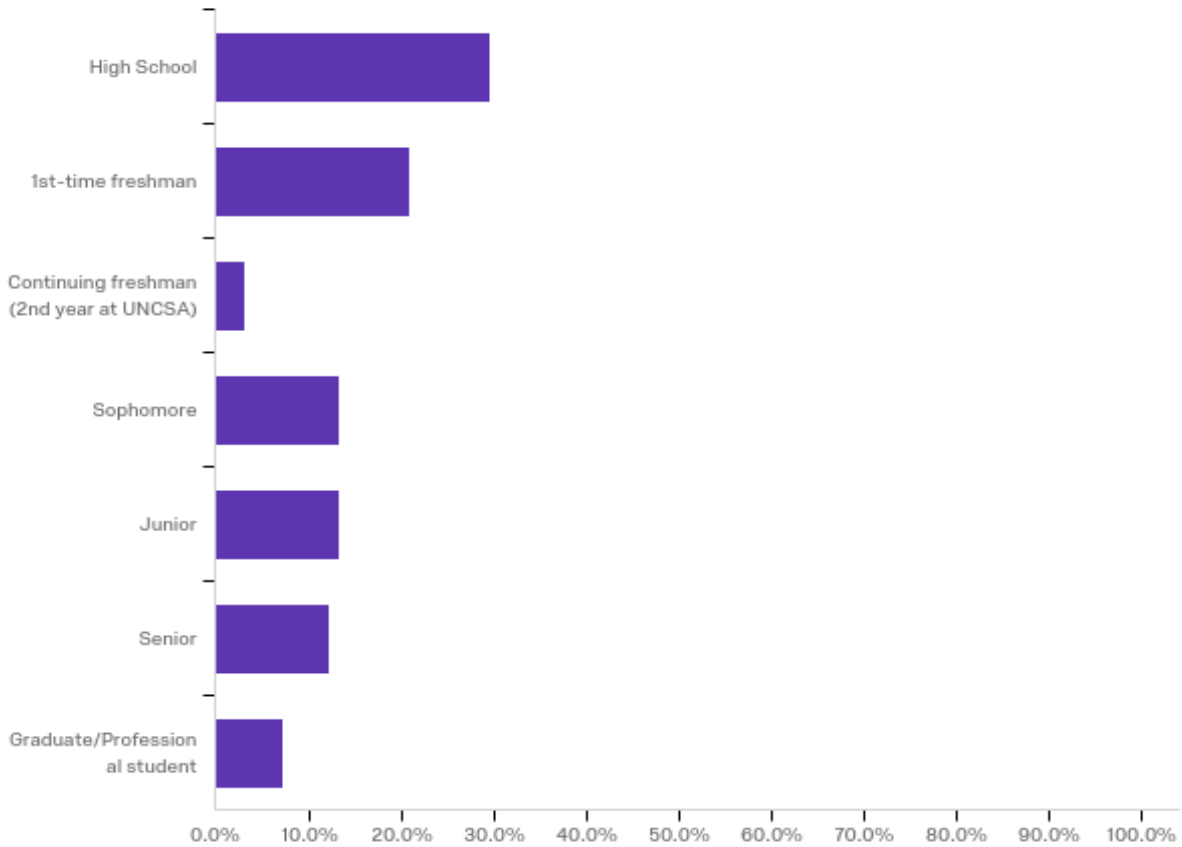
Housing Master Plan
UNC System Staff Discussion
March 2019

Student Housing Survey - Results

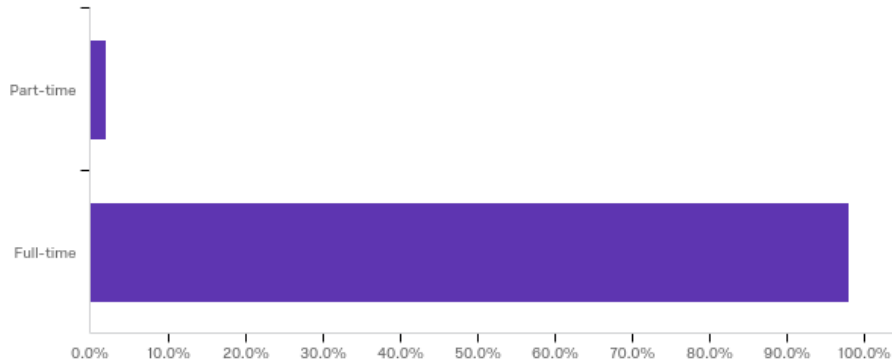
Q1 - What is your age?



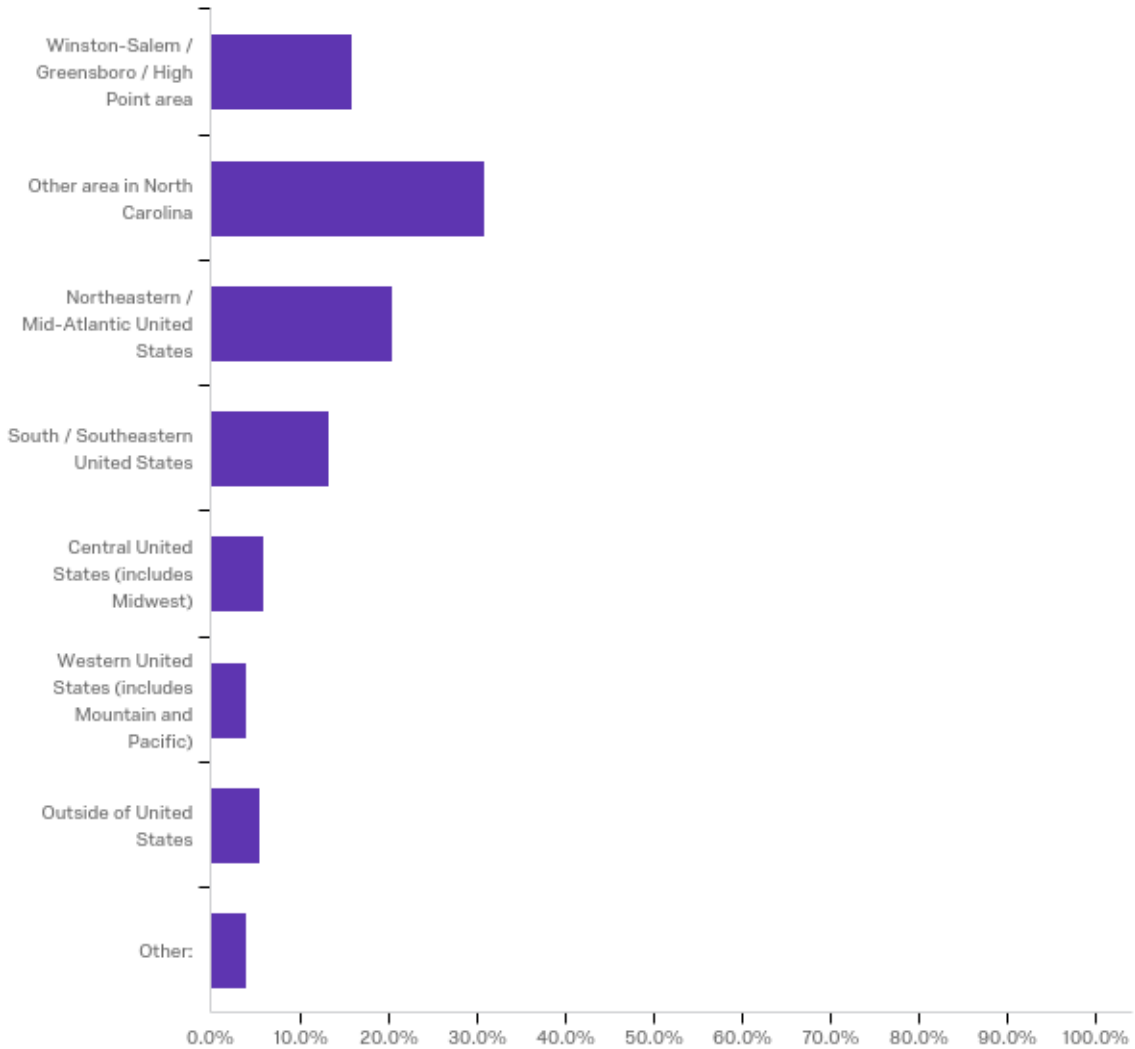
Q2 - What is your enrollment classification?



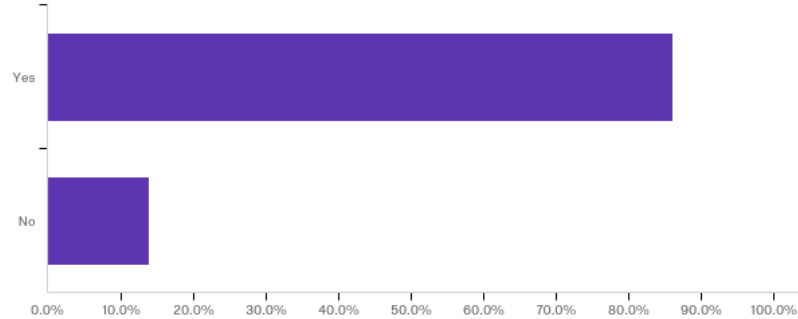
Q3 - What is your enrollment status?



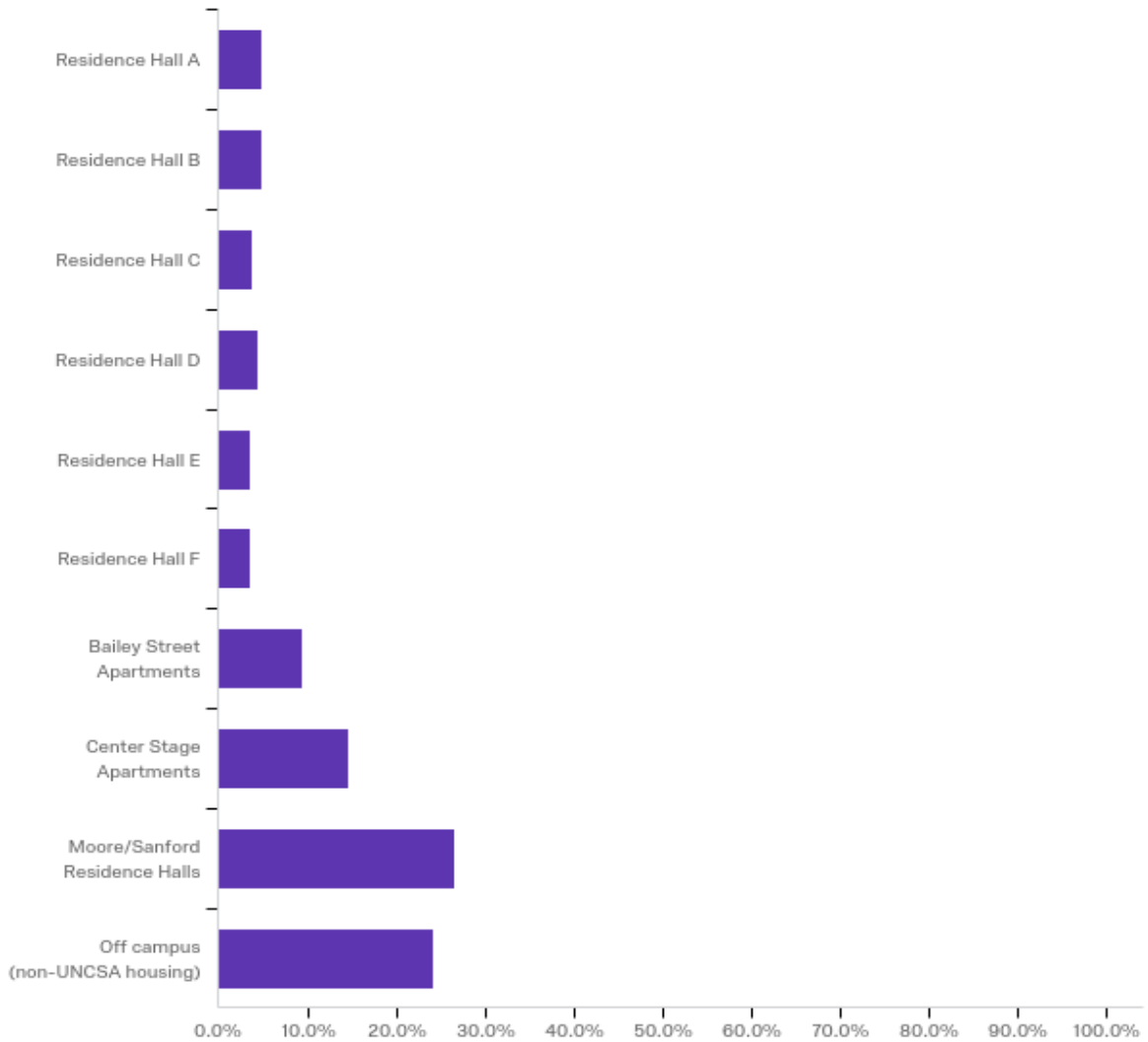
Q4 - Where did you graduate high school?



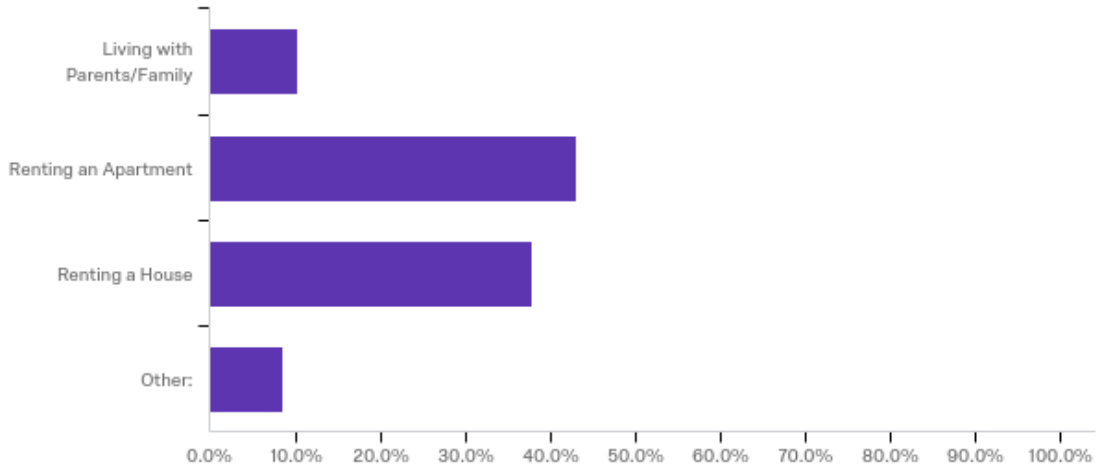
Q5 - Have you ever or do you currently live on campus in UNCSA housing?



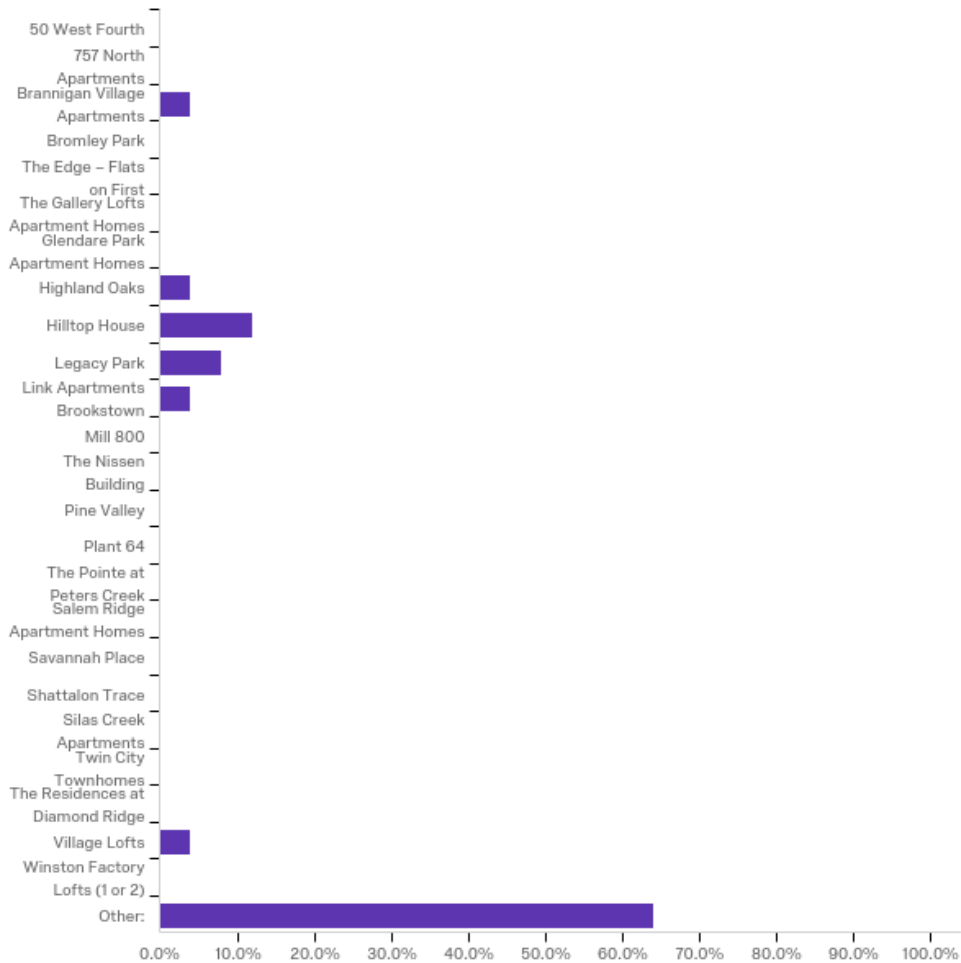
Q6 - Where do you currently live (2018-19 academic year)?



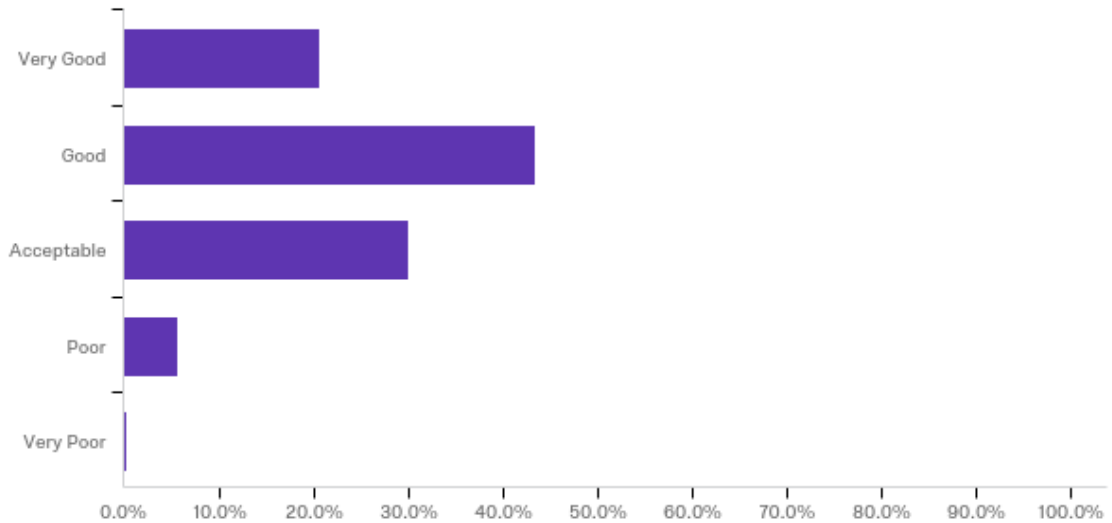
Q7 - Which best describes your current off-campus living situation?



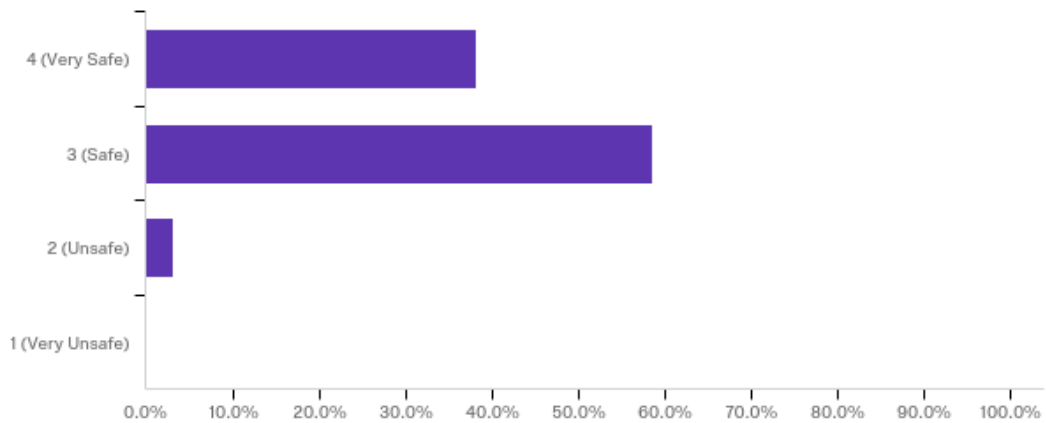
Q8 - Which apartment community do you currently live in?



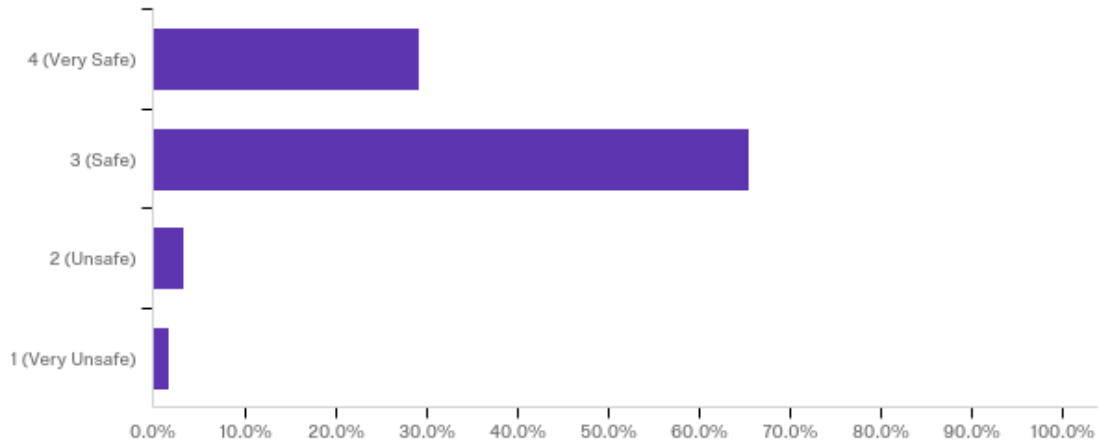
Q9 - How would you rate your current living conditions?



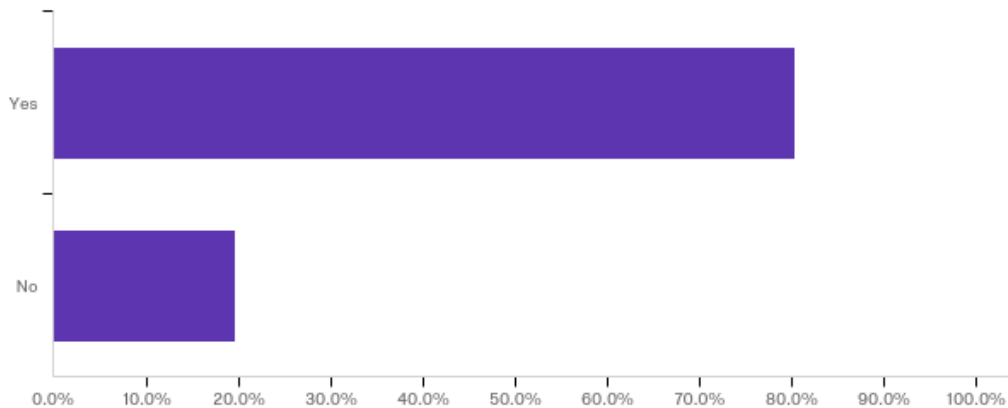
Q10 - How safe do you / did you feel living on campus? (4 = very safe, 1 = very unsafe)



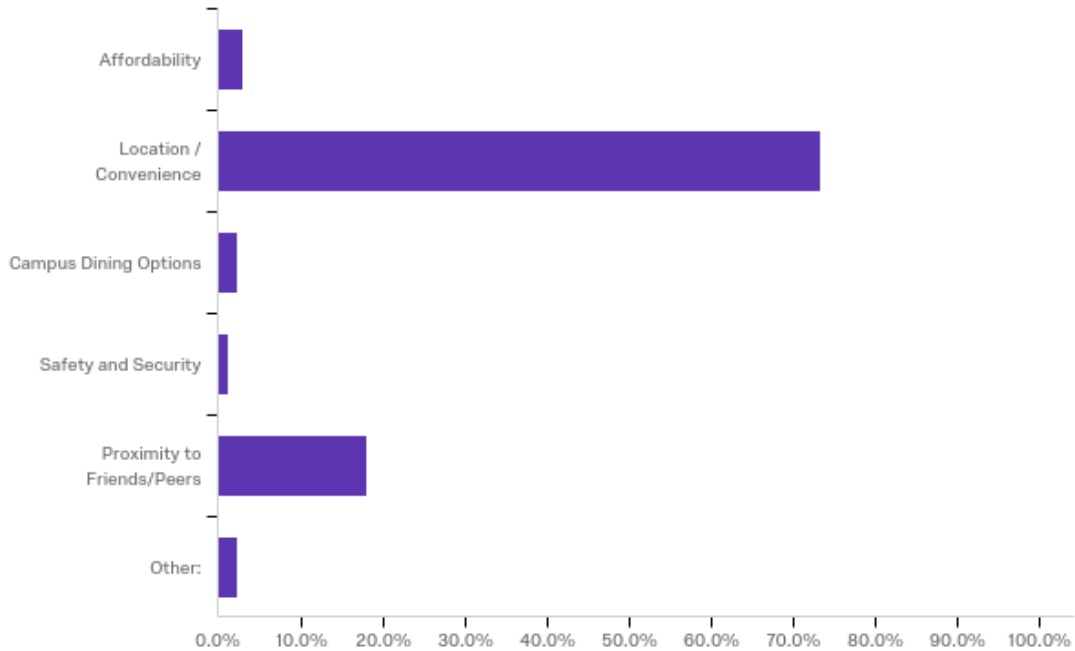
Q11 - How safe do you / did you feel living off-campus? (4 = very safe, 1 = very unsafe)



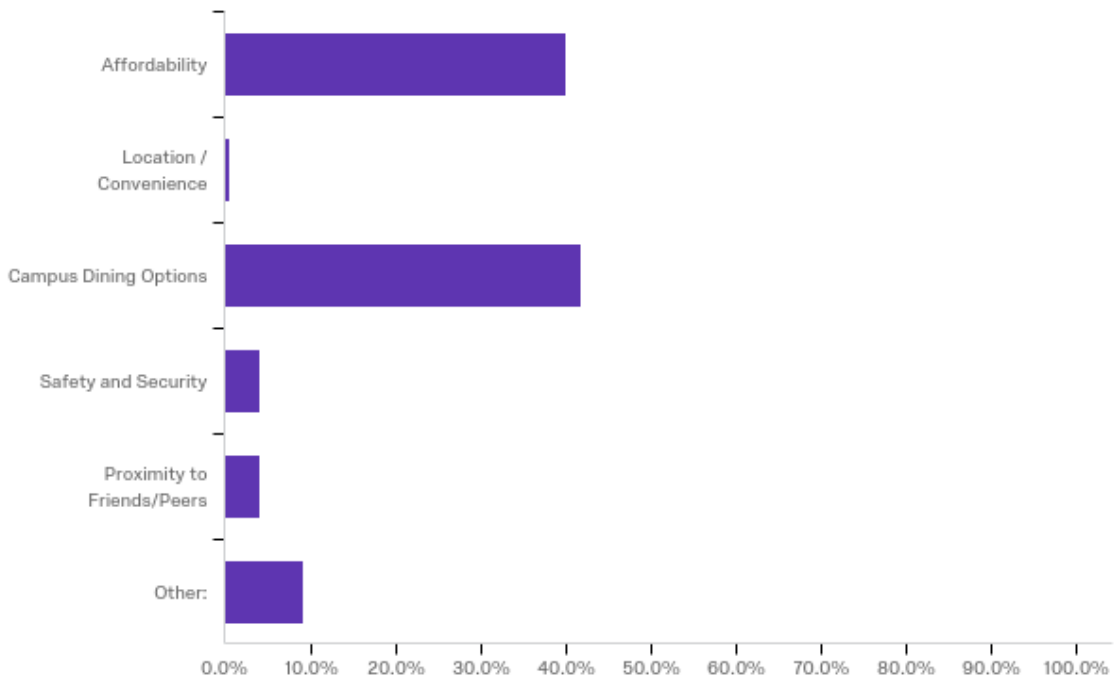
Q12 - Did or has living on campus had a positive impact on your overall experience at UNCASA?



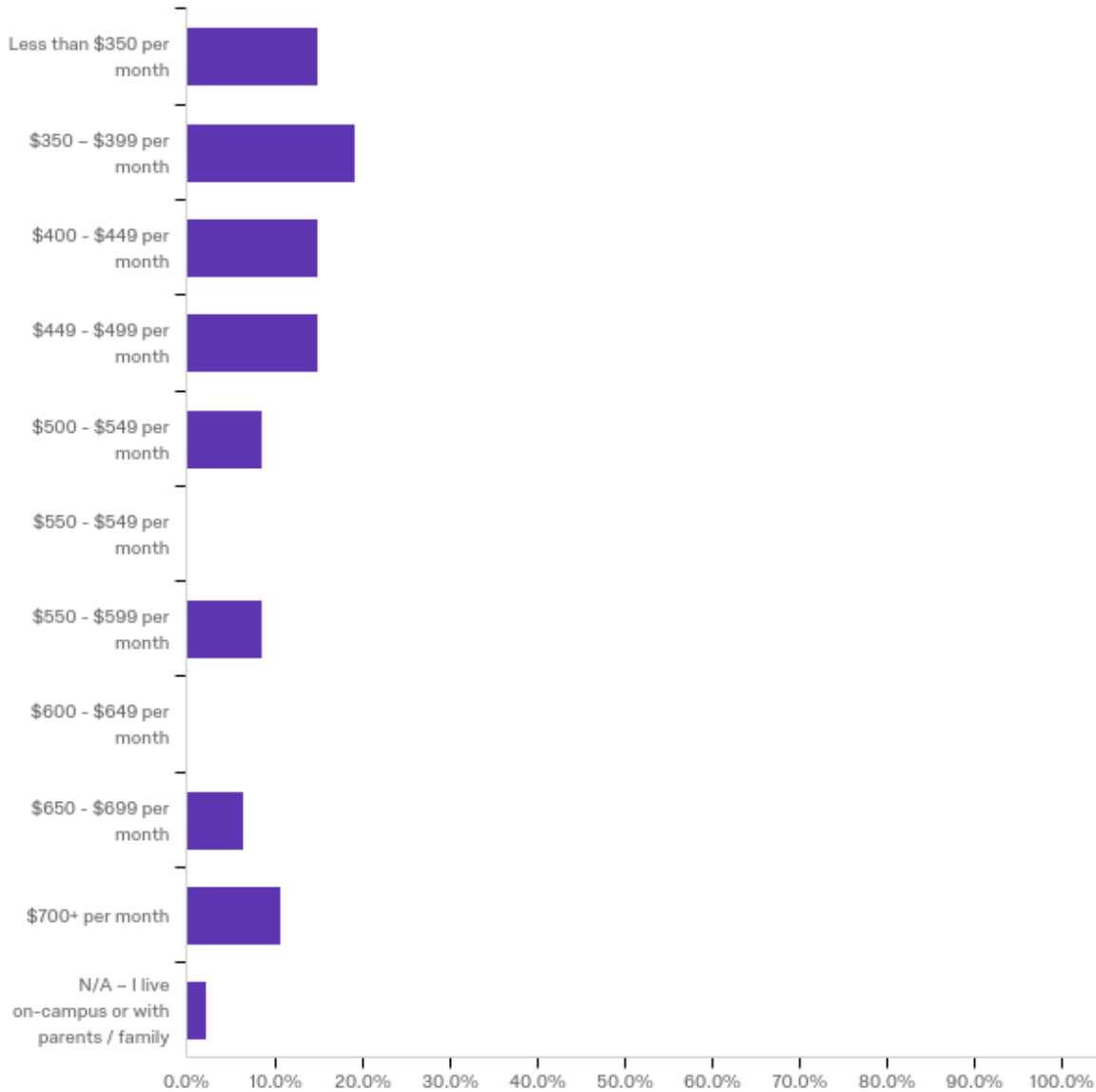
Q13 - What do you find to be the MOST valuable aspect to living on campus?



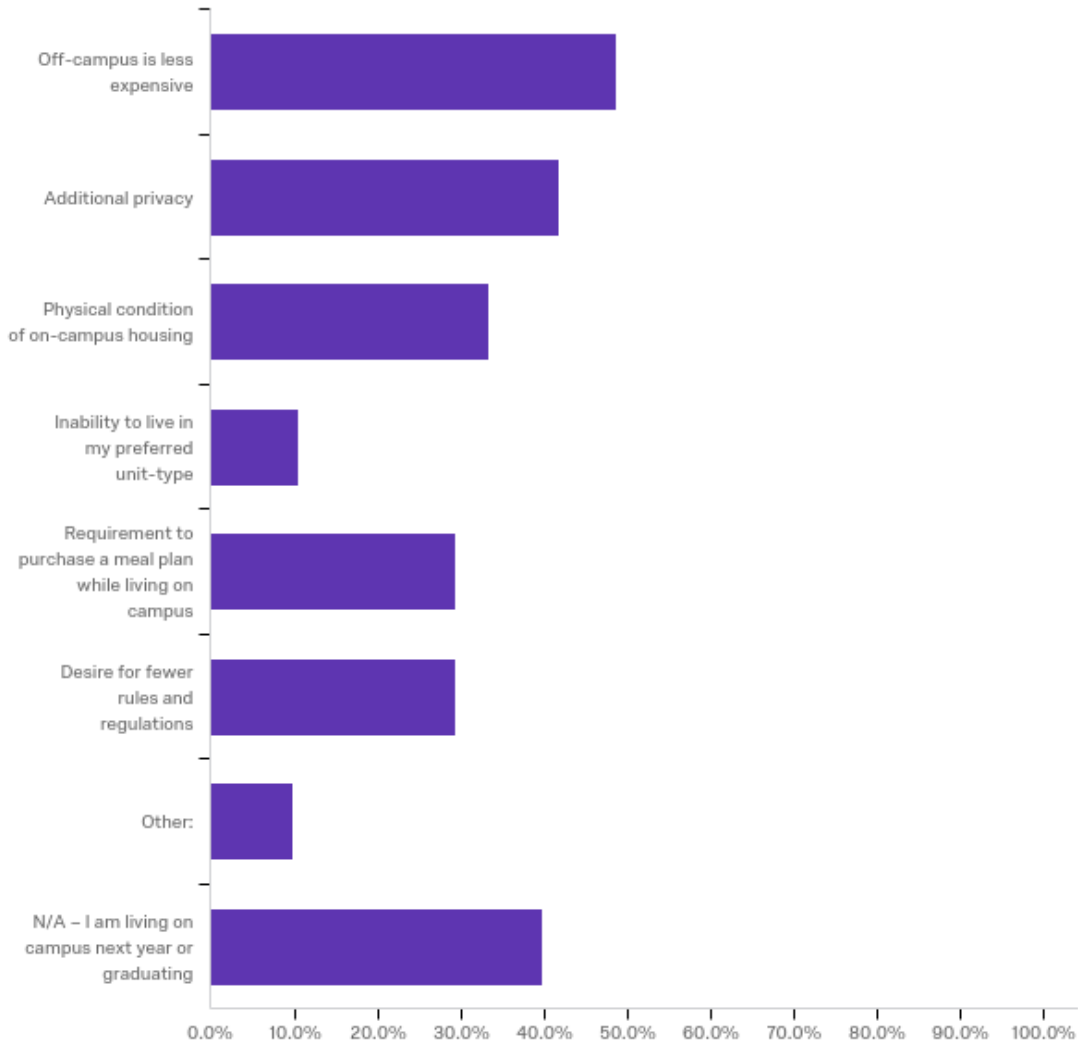
Q14 - What do you find to be the LEAST valuable aspect to living on campus?



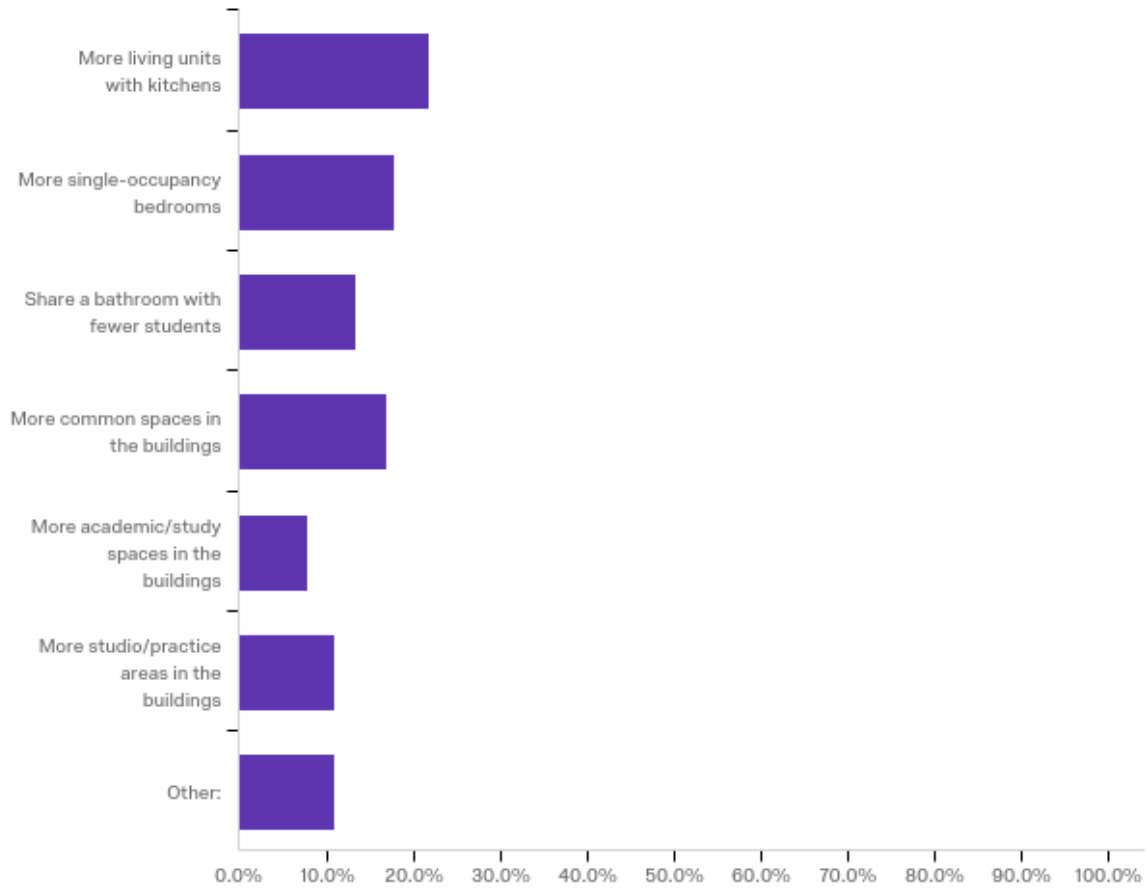
Q15 - How much do you individually pay in rent & utilities (combined) each month?



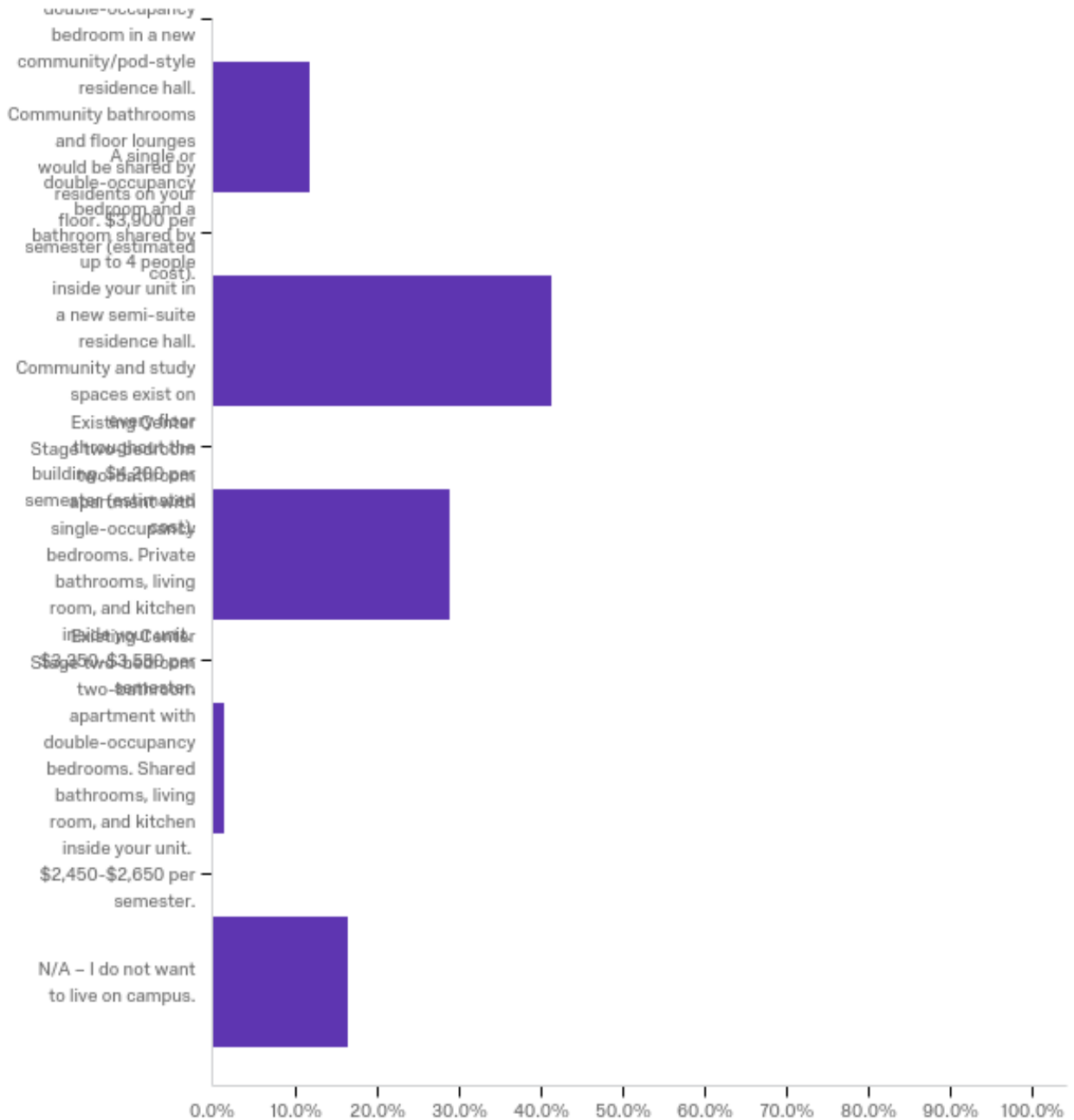
Q16 - If you currently live off-campus or are considering moving off-campus next academic year, please check all boxes that apply to your decision:



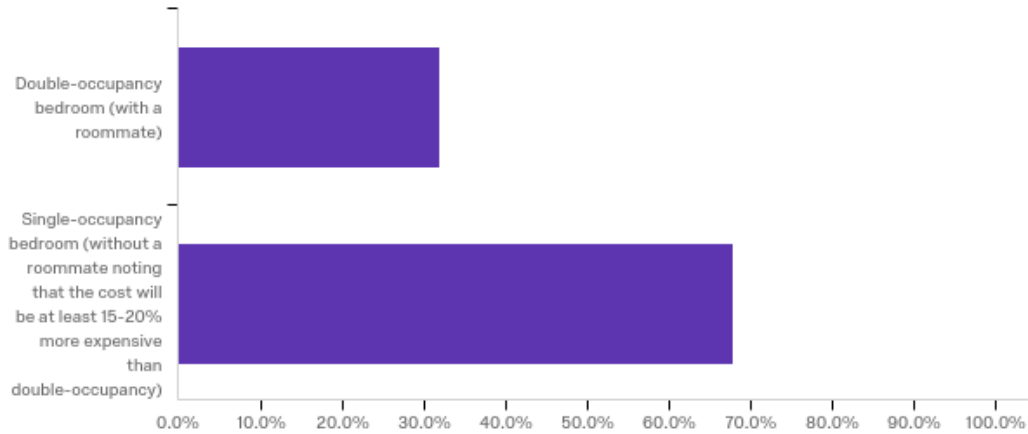
Q17 - UNCSA is considering a variety of improvements to the residential facilities. Which of the following items would be most important to you?



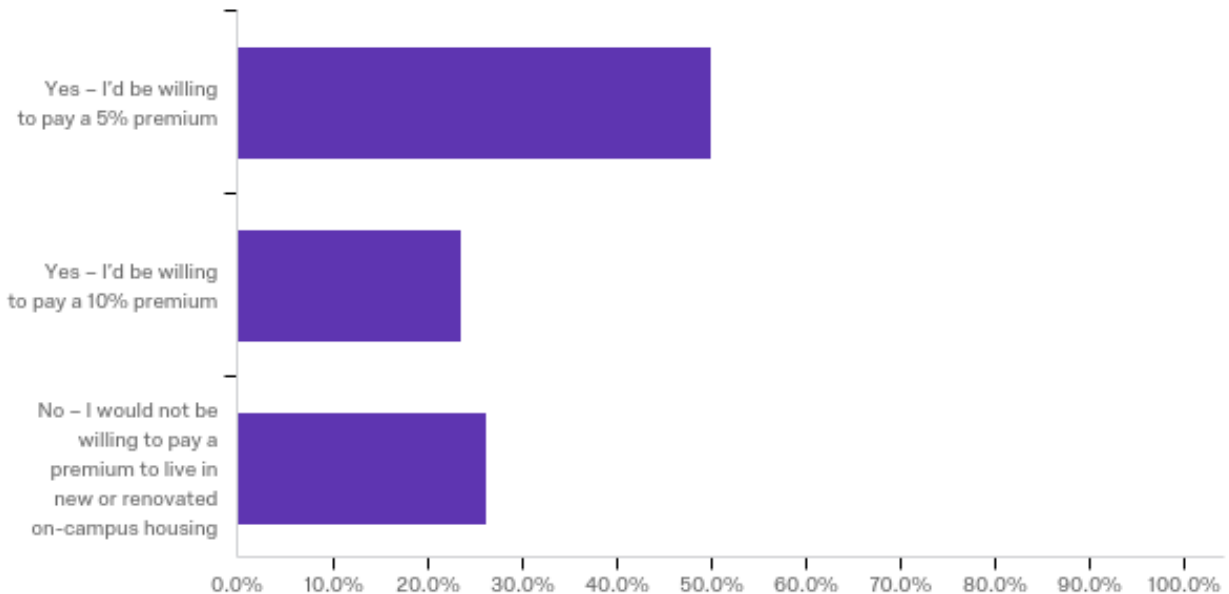
Q18 - Which of the following would be your preferred on-campus living unit?



Q19 - Assuming your preferred living unit is available, which bedroom configuration would you prefer?



Q20 - If new housing facilities are built, or existing housing facilities were to be renovated (cosmetic improvements, additional common spaces, etc.) would you be willing to pay a premium to live in those new or updated buildings?



RIETH JONES

ADVISORS

20 South 3rd Street . Suite 210 - #211 . Columbus, OH 43215
wilson@riethjones.com . www.riethjones.com . 336.407.1570