

**Florida Gulf Coast University Board of Trustees  
January 20, 2009**

**SUBJECT: 2009-2010 Student Housing Rental Rates**

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**PROPOSED BOARD ACTION**

Approve a modification of on-campus housing rental rates which would increase rates to provide adequate debt coverage ratios, maintenance of aging facilities and opportunities for future growth. Also included are proposed rates for the new south housing project Phase VIII and IX.

Approve student housing semester rental rates of \$2,739 for single bedroom occupancy, and \$2,237 for double bedroom occupancy in phases I-VII (North Lake Village). Approve new rates for existing Phase VIII and Phase IX which is under construction in the south portion of the campus in the amounts of \$3,103 for a single occupancy bedroom suite, \$3,211 for a single occupancy studio bedroom, and \$3,317 for a single occupancy private bedroom.

**BACKGROUND INFORMATION**

In an effort to maintain adequate debt coverage, maintenance of existing facilities and provide for future growth, staff recommends an increase in rental rates.

Each year sees continuing increases in utility costs, maintenance costs, staff costs and consumable costs. In order to maintain a healthy fiscal environment, rental rates must be considered annually.

The proposed student housing rental rates for North Lake Village beginning fall term 2009 would be \$2,739 per semester for single occupancy, and \$2,237 per semester for double occupancy. This represents an increase of \$118 per semester for single occupancy, and \$96 per semester for double occupancy from the current rates of \$2,621 (not including resident housing association fee) for single occupancy and \$2,141 (not including resident housing association fee) for double occupancy.

These amounts represent a 5% increase effective for the year period 2009-2010. This rate increase will be presented to the Resident Housing Association (an

elected body representing the students who live in on-campus housing) that also charges a \$15 per semester per student fee. That fee is not included in the proposed rate proposal.

Rates proposed for Phase VIII (Everglades Hall) and Phase IX (Biscayne Hall) under construction and scheduled to open fall 2009 are in the amounts of \$3,103 for a single occupancy bedroom suite, \$3,211 for a single occupancy studio bedroom, and \$3,317 for a single occupancy private bedroom. This represents an increase of \$202 for a single occupancy bedroom suite, \$210 for a single occupancy studio, and \$216 for a single occupancy private.

These amounts represent a 7% increase effective for the year period 2009-2010. This rate increase will be presented to the Resident Housing Association (an elected body representing the students who live in on-campus housing) that also charges a \$15 per semester per student fee. That fee is not included in the proposed rate proposal.

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**Supporting Documentation Included:** Rental Rate Proposal for On-Campus Accommodations for 2009-2010.

**Legal Review:** General Counsel Vee Leonard (December 15, 2008)

**Prepared by:** FGCU Financing Corporation Executive Director Curtis Bullock, and Director of Housing Pam Schreiber

**Submitted by:** Vice President for Administrative Services and Finance Joe Shepard

**Office of Housing & Residence Life  
Florida Gulf Coast University**

**Rental Rate Proposal for On-Campus Accommodations for 2009-2010**

Overview

Florida Gulf Coast University currently provides on-campus accommodations for students in apartment-style and suite-style residence halls. The operational and programmatic mission of the Office of Housing & Residence Life (OHRL) is to provide students a comfortable, safe, and well-managed living environment that supports academic endeavors and personal growth. In order to meet this mission, the financial, organizational, and operational aspects of the unit must be regularly reviewed to ensure resources are available.

A number of issues must be considered in reference to rental rates for on-campus accommodations. FGCU remains in a unique position as compared to most if not all other SUS institutions in terms of our housing master plan. This plan includes the construction of additional residence halls in South Village to accommodate up to 3,000 students in that area over the next 8-10 years. (With the opening of Biscayne Hall in August 2009, eight-hundred sixteen students will be housed in South Village and 1952 students will live in North Lake Village.) The existing housing stock is relatively new and debt service for the total operation is significant.

With this consistent growth comes a need to develop the housing operation in a way that supports the effective delivery of programs and services. Staffing patterns, business practices, and operational protocols need to be evaluated frequently to ensure that the operation can meet its short **and** long-term service and financial obligations. The long-term health and viability of the operation is contingent upon making informed decisions, remaining flexible by making necessary adjustments in a timely manner, and being willing to try and evaluate new approaches.

Certainly, economic conditions impact a housing operation in numerous ways. The current economic conditions have and will continue to impact the cost of labor, materials, and services for both day-to-day operations and new construction. Students and their families may focus more heavily on the “value” of the on-campus experience and therefore, ensuring that the program can meet their needs is essential. Fundamental to this point is the need to maintain the physical facilities such that for many years to come students will find this living option desirable and of great benefit to achieving their personal and academic goals.

Rental Rate History

The rental rate history for the FGCU on-campus residence halls is provided below.

**Semester Rental Rate History**

Year	North Lake Village Type of Room		% Increase from Previous Year
	Single	Double	
1998-1999	\$1,937	\$1,604	NA
1999-2000	\$1,937	\$1,604	NA
2000-2001	\$2,000	\$1,650	3.3%; 2.9%
2001-2002	\$2,000	\$1,650	NA

2002-2003*	\$2,110	\$1,710	5%; 3%
2003-2004*	\$2,110	\$1,710	NA
2004-2005*	\$2,210	\$1,810	4.8%; 5.9%
2005-2006*	\$2,210	\$1,810	NA
2006-2007**	\$2,355	\$1,929	6.5%
2007-2008**	\$2,508	\$2,052	6.5%
2008-2009***	\$2,636	\$2,156	5%

**South Village**

Year	Type of Room			% Increase from Previous Year
	Single	Studio	Private	
2008-2009***	\$2,916	\$3,016	\$3,116	0% (opened Fall 08)

\*Includes RHA fee of \$10

\*\*Includes RHA fee of \$12

\*\*\*Includes RHA fee of \$15

As is evidenced by this chart, rates increased a moderate amount every two years since the program was initiated up until the 2007-2008 year. In the rental rate proposal for that year, it was recommended and subsequently approved that rates be reviewed every year so as to better respond to changes in operating costs and other fluctuating variables that impact the financial health of the housing system.

Rental Rate Comparisons

Specific data on anticipated rate increases at other SUS institutions is not available at this time. (Data will likely be available for review in January 2009.) Most institutions have reported informally that a rate increase of 3-5% is expected. In the past, FGCU on-campus accommodations have ranked lowest or one of the lowest priced of institutions with comparable housing options.

The off-campus housing market has been significantly impacted by the current economic conditions. Because of the high number of available properties as well as a reduction in home values, it is reasonable to assume interested students could find rental opportunities off-campus that may rival or cost less than on-campus accommodations. With that said, the on-campus housing operation offers students convenience in terms of location, an all-inclusive contract, and payment options, in addition to programs and other services geared toward their special needs and concerns. Again, maintaining the physical amenities is a critical back-drop to the unique programs and services offered by the OHRL in sustaining high student interest.

Specifically, one of two off-campus apartment complexes that cater to the FGCU student population has experienced financial hardship. It is unclear whether this complex will continue to be a competitor for student residents.

Operating Expenses for 2009-2010

Operating expenses for fiscal year 2010 are expected to increase due to increases in the cost of materials, labor, and services. In addition, in an effort to meet the increasing administrative demands brought on by the South Village development, staffing changes will result in some additional expenses. Finally, the OHRL plans to address current problems with Internet

connectivity by funding an equipment upgrade. This project is in addition to the 2009-2010 projects outlined in the Facility Repair and Replacement five-year plan. (This plan addresses facility improvement projects that are typically large-scale and involve contracted services; examples include carpet replacement, exterior and interior repainting, furniture replacement, water heater replacement, and landscaping projects.)

This current fiscal year (FY09) is the first that has included operating expenses for South Village. Everglades Hall is a unique facility as compared to the apartments. This, along with the initiation of the South Village Central Energy Plant and its associated expenses, has presented a challenging situation in terms of managing the operating budget. The “history” is simply not yet there to make confident predictions regarding operating costs for next year. The addition of Biscayne Hall will contribute to realizing some financial benefits in having the Central Energy Plant; however, estimates regarding South Village operating expenses for FY10 are based on only four months of operation.

South Village

It is worth noting that Everglades Hall, FGCU’s first suite-style residence hall and home of the First Year Resident Experience (FYRE) program, has been well-received and is popular with residential students. Due to the high number of requests to live in Everglades Hall, Biscayne Hall will also offer the FYRE program next academic year. The OHRL is confident that the suite-style arrangement coupled with the specialized program will continue to be in high demand.

Proposed Rental Rates for 2009-2010

Responsibility for management of the on-campus housing operation lies with the staff in the Office of Housing & Residence Life. Management of debt service, the maintenance reserve, and other associated financial obligations lies with the FGCU Financing Corporation and its Executive Director and Board of Directors. After careful analysis of the status of the housing operation and its financial obligations, the following rental rates are proposed for the academic year 2009-2010\*:

North Lake Village	single-occupancy bedroom apartment	\$2,739
	double-occupancy bedroom apartment	\$2,237

(These rates reflect a 5% increase over 2008-2009 rates.)

South Village	single-occupancy bedroom suite	\$3,103
	single-occupancy studio	\$3,211
	single-occupancy private	\$3,317

(These rates reflect a 7% increase over 2008-2009 rates.)

\*Proposed rates do **not** include the \$15 Resident Housing Association fee. This fee amount was previously approved.