

Contact: Jean Friedrich

IOWA STATE UNIVERSITY – OFF CAMPUS HOUSING AGREEMENTS

Action Requested: Consider approval of:

- 1) Off campus housing agreements for the benefit of Iowa State University for the 2013-14 academic year, subject to approval of the final documents by the Board Office and the Attorney General's Office:
 - a. Apartment building at 119 Stanton in Ames from American Campus Communities (299 beds and office space) from August 1, 2013 to July 31, 2014 for an annual amount not to exceed \$1,708,380.
 - b. Four apartment buildings (204 beds) located at 4020, 4100, 4110, and 4130 Maricopa Drive in west Ames from Jensen Properties from August 1, 2013 to July 31, 2014 for an annual amount not to exceed \$1,032,660.
- 2) Academic year 2013-2014 proposed rates as provided on page 3 for the Jensen and American Campus Communities leased properties described in this Agenda Item.

(ROLL CALL VOTE)

Executive Summary: Iowa Code §262.11 requires that certain agreements, leases, and easements be approved by the Board of Regents by roll call vote. The lease documents are subject to approval by the Attorney General's Office and the Board Office. An indemnification clause will be included in the leases.

As of April 1, 2013, Iowa State University had more than 1,200 requests for beds above the Department of Residence system's (DOR) capacity. The Board previously approved an expansion in Frederiksen Court in October 2012 which will add 240 beds for Fall 2013 and an additional 480 beds in 2014. Even with the additional bed spaces available in August 2013, the DOR will not be able to meet the current housing demand. Historically Iowa State has accommodated all students requesting University operated housing.

The University contacted the major rental property operators in Ames and identified two off campus sites at suitable locations for additional housing. The entities have agreed to enter into agreements with the University to have properties used as student housing for the 2013-14 academic year; the units would temporarily add 503 bed spaces to the residence system.

Iowa State University with the Board as Tenant for the following leases:

American Campus Communities

- Located at 119 Stanton Avenue, this is a high rise building immediately south of the campus, contains 299 beds in various apartment configurations from 1 to 5 bedrooms, with the majority being 2 to 4 bedroom units. The annual rental rate will not exceed \$1,708,380 (see location in Attachment A).
- The University would staff the facility with a hall director and 12 community advisers. The building is structurally sound, includes a lower level parking deck (spaces would be rented directly by ACC to building tenants) and access to recreational and exercise facilities adjacent to the building accessible to all tenants. The building needs deep cleaning and minor interior painting. The University would make these minor improvements as part of the agreement.
- ACC operates several other buildings in this immediate area; the firm has indicated a willingness to relocate tenants that have signed leases for next year to other properties in the area. As part of the lease terms, the University may agree to pay one-half of the relocation costs of these tenants up to a maximum of approximately \$15,000.

Jensen Properties

- The Jensen property is located south of the campus, south of Mortensen Road, east of South Dakota Avenue, at 4020, 4100, 4110, and 4130 Maricopa Drive. The property consists of four apartment buildings currently under construction that would accommodate 204 beds at an annual rental rate not to exceed \$1,032,660. The units predominately consist of 4 bedrooms per unit with some 2 and 1 bedroom units. CyRide serves the area, and the University is exploring increased bus service. The Department of Residence would staff this complex with a hall director and up to 8 community advisers (see location in Attachment B)

A resident must be 19 years of age or in their second year of college (as determined by calendar year, not credits achieved) to be eligible to live in either the Frederiksen Court or Schilletter-University Village on-campus apartment communities. The same qualifications would be applied to these leased facilities, resulting in occupancy by returning ISU students, and newly admitted transfer and graduate students.

The University would furnish all the units similar to on-campus apartments at an estimated cost of \$1.5 million to be paid from the residence system's improvement fund. The furniture would be relocated to other on-campus facilities at the end of the leases.

Terms of Agreements

The University is completing negotiations with the owners of these properties. The leases need to be approved by the Attorney General's Office and the Board Office. The University is proposing a one year agreement for the traditional lease year for student housing in Ames from August 1, 2013 through July 31, 2014 with an option to renew for an additional year for both of the facilities. Funding for the leases will be from University Housing and Dining Operating Funds. University representatives will be present at the Board meeting to answer questions. Additional information is available from the Board Office.

Proposed Room Rates – Jensen and ACC Apartments

Although each property offers different advantages and disadvantages to its residents, the University desires to establish rates for the proposed leased properties comparable to existing University-owned apartments. The University determined the properties best compare with Frederiksen Court Apartments. The proposed room rates for the Jensen and ACC apartments for the 2013-14 academic year are provided below.

<u>Jensen Apartments</u>		<u>ACC Apartments</u>	
	2013-14		2013-14
<u>Type</u>	<u>Proposed Rate</u>	<u>Type</u>	<u>Proposed Rate</u>
1 Bedroom	\$ 6,424	1 Bedroom	\$ 6,424
2 Bedroom	\$ 5,257	2 Bedroom	\$ 5,257
4 Bedroom	\$ 5,257	3 Bedroom	\$ 5,257
		4 Bedroom	\$ 5,257
		5 Bedroom	\$ 5,257

For comparison, the proposed 2013-2014 academic year rates for the Frederiksen Apartments, as included on page 4 of Agenda Item 10, are provided below. Note: These rates remain unchanged from the current year (0% increase).

<u>Frederiksen Court Apartments</u>	
	2013-14
<u>Type</u>	<u>Proposed Rate</u>
4 Bedroom	\$ 5,257
2 Bedroom - Private	\$ 6,424



