

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of September 29, 2021

BUDGET, SCOPE, AND EXTERNAL FINANCING, STUDENT HOUSING AND OPEN SPACE COMPONENTS; AND DESIGN, ALL COMPONENTS, FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, HOUSING PROJECT #2, BERKELEY CAMPUS

EXECUTIVE SUMMARY

As part of a comprehensive effort to address an urgent student housing crisis, and the challenges it creates for the campus and its urban neighbors, the Berkeley campus is proposing to redevelop and revitalize People's Park, a site three blocks south of the main campus and adjacent to the Telegraph Avenue commercial district. This project was identified as Housing Project #2 in the Environmental Impact Report prepared for the campus's 2021 Long Range Development Plan and Housing Projects #1 and #2 (2021 LRDP EIR), certified by the Regents in July 2021. The 2021 LRDP EIR evaluated the environmental effects of the 2021 LRDP at a program level, and the effects of Housing Projects #1 and #2 at a project level. The proposed Housing Project #2 (Project) would include three components: (1) student housing with associated amenities (Student Housing Component), (2) preservation and revitalization of significant open green space that will be accessible to all and will commemorate People's Park history and legacy (Open Space Component), and (3) affordable and permanent supportive housing for formerly unhoused and/or low-income members of the community (Supportive Housing Component). The Student Housing Component and Open Space Component would be delivered by the campus. The Supportive Housing Component would be developed and managed by a non-profit partner under a ground lease with the campus. The ground lease for the Supportive Housing Component is the subject of a separate item at this meeting.

Related to the Project's Housing and Open Space Components, the Regents are being asked to approve: (1) the budget of \$364.8 million, (2) the project scope, and (3) external financing of \$364.8 million. Related to the entire Project, the Regents are being asked to: (1) adopt as conditions of approval of Housing Project #2 all applicable Mitigation Measures and Continuing Best Practices within the responsibility and jurisdiction of the University; (2) adopt the Mitigation Monitoring and Reporting Program for Housing Project #2; (3) adopt the California Environmental Quality Act (CEQA) Findings and Statement of Overriding Considerations for Housing Project #2; (4) approve the project design (all components); and (5) authorize the President of the University, or designee, in consultation with the Office of

General Counsel, to execute all necessary documents.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that:

- A. The 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: People's Park Housing – preliminary plans – \$10.13 million, to be funded with campus funds.

To: Berkeley: Student Housing and Open Space Components – Housing Project #2 – preliminary plans, working drawings, construction, and equipment – \$364.8 million to be funded with external financing.

- B. The scope of the Student Housing and Open Space Components – Housing Project #2 project shall provide approximately 326,500 gross square feet (gsf) of housing space, supplying 1,113 beds, related commons space, and approximately 1.7 acres of open green space.
- C. The President be authorized to obtain external financing not to exceed \$364.8 million, plus additional related financing costs for the Student Housing and Open Space Components – Housing Project #2 project. The President shall require that:
- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, general revenues from the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.
- D. Following review and consideration of the environmental consequences of Housing Project #2 as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents shall:
- (1) Adopt as conditions of approval of Housing Project #2 all applicable Mitigation Measures and Continuing Best Practices within the responsibility and jurisdiction of the University.

- (2) Adopt the Mitigation Monitoring and Reporting Program for Housing Project #2.
 - (3) Following review and consideration of the previously certified Environmental Impact Report for the UC Berkeley 2021 Long Range Development Plan and Housing Projects #1 and #2, determine that no further environmental analysis pursuant to CEQA is required and adopt CEQA Findings and Statement of Overriding Considerations specific to Housing Project #2.
 - (4) Approve the Project design of the Housing Project #2 project, Berkeley campus.
- E. Authorize the President, or designee, in consultation with the Office of General Counsel, to execute all documents necessary in connection with the above.

BACKGROUND

The Berkeley campus currently provides student housing to the lowest proportion of undergraduate and graduate students compared with other UC campuses, housing approximately 23 percent of its student body overall, 30 percent of its undergraduate students, and eight percent of its graduate students. In the context of the San Francisco Bay Area's high-cost housing, market access to housing for UC Berkeley students is a matter of urgent concern. The lack of campus housing capacity adversely affects the overall student experience, challenges the campus's ability to recruit faculty, graduate students, and postdoctoral scholars, and has an impact on the local residential housing market. Forty percent of undergraduates are not able to live in Berkeley due to the low supply of housing and high market prices. In fall semester 2021 alone, over 5,000 students on the campus housing waitlist were turned down due to a lack of available space.

Additionally, Housing Project #2 (Project), in concert with plans under development to accommodate, during construction, unhoused members of the community who use the park during the day, will create safer conditions for all, and improve the quality of life in the surrounding neighborhood, as well as the health and well-being of visitors and members of the campus and city communities. While the site's development has long been a contentious issue in the community, the campus has committed to commemorating the history of the park, maintaining open space, and, through the Supportive Housing Component, continuing its ongoing efforts to address the housing needs of both students and the vulnerable homeless population.

Due to limitations imposed by public health concerns and guidelines, the campus has, since March 2020, not enforced regulations prohibiting overnight camping on Regents property. In addition, the campus believes there are better solutions for those who do not have housing security than simply providing them with outdoor space for camping. The campus will eventually resume enforcing the regulation against camping in the park. Abandoning plans for

student housing on the site would not enable the park to become a permanent solution for anyone who is unhoused.

The Regents discussed the Project in January 2020 and approved preliminary plans funding of \$10.13 million in March 2020. The Project program remains consistent to the program articulated in both previous items presented to the Regents.

PROJECT DESCRIPTION

Project Site

The Project is located on a 2.8-acre site bounded by Haste Street on the north, Bowditch Street on the east, Dwight Way on the south, and commercial properties on the west. The site is located three blocks south of the Berkeley campus and adjacent to the Telegraph Avenue commercial district. Across Haste Street, campus properties include the historic Anna Head complex (listed on the National Register of Historic Places) and Maximino Martinez Commons, a student housing building completed in 2012 (refer to Attachment 1). The site is currently predominantly undeveloped. Existing features include garden plots, a central lawn area, a small restroom and park office building, a community-built stage, and a basketball court. Most of these site elements are in poor condition due to their age or original construction. The campus has removed several elements over the years because of safety or public health concerns.

Program

Campus-Developed Student Housing and Open Space Components

The Berkeley campus proposes to deliver a total of 148 apartment units and 1,113 beds on the 0.6-acre site, excluding the Supportive Housing Component area and open space, for a density of 1,855 beds per acre. The floor area ratio of the Student Housing and Open Space Components is 12.49. The program would include four studio apartments, two two-bedroom apartments, seven three-bedroom apartments, and 135 four-bedroom apartments. More than 80 percent of bedrooms would be double occupancy. Upper floor student-serving amenity spaces and campus life areas total 18,100 gross square feet (gsf). The student housing ground floor includes 2,600 gsf of “grab and go” food service retail operated by the campus that would be open to both students and the general public. No parking would be provided, consistent with the campus’s goal of reducing transportation-related greenhouse gas and traffic impacts on neighborhoods adjacent to campus. The program is summarized in Table 1.

The open space program includes 1.7 acres of open landscape, with paths, a central glade, a grove of new and preserved trees, and sitting areas.

Table 1
PROPOSED USES, STUDENT HOUSING

Proposed Uses	GSF
<i>Upper-Floor Residential</i>	
Apartments (including shafts within units)	207,100
Amenities (study and social lounges, fitness)	18,100
Housing Services & Maintenance (trash room, custodial, electrical, IDF, corridor, and core shafts)	8,000
Circulation, Back of House & Related	57,000
Subtotal Upper-Floor Uses	290,200
<i>Ground Floor</i>	
Laundry	1,300
Academic Center	1,700
Meeting Rooms – (public interfacing)	2,300
Housing/Residential Life Offices (includes staff meeting rooms)	2,800
“Grab and Go” Food Retail	2,600
Common Area and Amenity Space (game room, multipurpose room, creative studio)	2,900
Maintenance (Trash room, Janitor, Electrical, IDF, corridor, and core shafts)	10,500
Restrooms	500
Subtotal Ground Floor Uses	24,600
Long-term Bicycle Parking (114 spaces)	1,400
Circulation, Back of House & Related	10,300
Subtotal Back of House & Misc.	11,700
Grand Total	326,500

Non-Profit-Developed Supportive Housing Component

The proposed Supportive Housing Component includes up to 125 beds of affordable and supportive housing totaling 87,500 gsf. The non-profit developer is targeting at least 50 percent of the units for the formerly homeless. The percentage of units for formerly homeless may be up to 100 percent, depending on financing available to the private developer. The ground floor of the Supportive Housing Component would include 2,700 gsf of office space and meeting rooms for administering supportive services. Seven employee surface parking spaces would be provided and managed by the non-profit partner.

The Supportive Housing Component’s program would expand and deepen UC Berkeley students’ educational and professional development opportunities. The non-profit partner’s service provider for the supportive housing is interested in expanding its internship program with UC Berkeley’s School of Social Welfare and the School of Public Health and new partnerships with the School of Education, the Goldman School of Public Policy, and Berkeley Law. The Supportive Housing Component would affirm and further the University’s mission of education and public service while providing professional and academic enrichment for University of California students.

The Supportive Housing Component program is summarized in Table 2.

Table 2
PROPOSED USES, SUPPORTIVE HOUSING

Proposed Uses	GSF
<i>Upper-Floor Residential</i>	
Apartments	55,800
Maintenance (Trash room, Custodial, Electrical, IDF, corridor, and core shafts)	2,300
Subtotal Upper-Floor Uses	58,100
<i>Ground Floor</i>	
Apartments	2,500
Common areas, Amenity spaces	2,100
Supportive Services Offices (Including staff meeting rooms)	2,700
Maintenance & Back of House	3,000
Restrooms	400
Subtotal Ground Floor Uses	10,700
Surface Parking (Parking Stall only)	2,100
Long-term Bicycle Parking (108 spaces)	1,000
Circulation, Back of House & Related. (Inclusive of all Floors)	15,600
Subtotal Parking & Back of House & Misc.	18,700
Grand Total	87,500

Student Rents

Student rental rates at the building would be determined based on other on-campus UC Berkeley housing options. The Berkeley campus strives to offer affordable and high-quality accommodation while maintaining an equitable parity between student housing options across its portfolio, accounting for age, amenities, and accommodation type. Per-bed rates for a bed in a four-bedroom, eight-person unit (comprising 94 percent of beds in the Student Housing Component) are \$13,935 per academic year in today’s dollars. Listed rates include water, sewer, garbage, internet, laundry, and furnishing. Compared to new market rate housing within the site vicinity, rates are 31 percent below market rate (refer to Table 3).

**Table 3
Rental Rate – Cost Per Bed (\$2021)**

	Rate
Housing Project #2	\$13,935
Adjusted Market Rate Housing*	\$21,123
Percent Below Market	31%

Source: CoStar. CoStar is a third-party multifamily residential commercial, and industrial real estate service that collects and analyzes real-time and historical real estate market information from brokers, property owners, and tenants at the property level in markets throughout the country.

* Market rates include full calendar year rent, include \$150 per person for electricity, water, sewer, garbage, and high-speed internet, but do not include the cost of furnishing. Market rate rents are adjusted with a seven percent premium to account for value of academic and recreation resources and services available in campus housing beyond those found in private market rate housing.

DESIGN ELEMENTS

Campus-Developed Student Housing and Open Space Components

The massing and height of the Student Housing Component, as well as the orientation of the site plan, is planned to respond to nearby historic structures and lower density residential housing while meeting the needs of supplying urgently needed housing and delivering an open space that commemorates the legacy of People’s Park. The Student Housing Component would include two wings: an east-west wing along Haste Street (North Wing) and an adjoining north-south wing extending to Dwight Way (South Wing). The North Wing would be 12 stories above street level at the corner of Bowditch and Haste and approximately 133 feet above the sidewalk on average, with a partial basement level. The South Wing would include six stories of residential above an open, light-filled passage connecting two open spaces. The height of this covered area is approximately 27 feet at its highest level. The covered area connects the site and frames both sides of the landscape to maximize the impression of uninterrupted open space. This area would be further activated by a central, highly transparent academic center, foot traffic from the adjacent main entrance to the student housing building, nearby secure student bicycle parking, and areas for potential commemoration of the history of People’s Park. The Student Housing Component’s façade includes regular patterns that subtly respond to changing solar and neighborhood conditions on each elevation (refer to Attachment 4).

The landscape design would include a central glade with a raised berm that flows under the South Wing of the student housing. The eastern edge of the landscape would include a grove of trees made up of existing healthy trees that have been preserved and supplemented by new trees. The landscape offers a visual connection between the Student Housing and Supportive Housing and acts as a safe and shared amenity for UC affiliates and the community. A promenade referencing the path of protest in May 1969 would connect the landscape elements and further commemorate the site’s history.

Non-Profit-Developed Supportive Housing Component

The Supportive Housing Component would be six stories in height and 55 feet tall along Haste Street. The exterior design is intended to respond to mid- and low-density residential development in the neighboring community. The design also focuses on the use of cost-effective materials and construction methods to maximize the economic feasibility of the mission-driven housing project.

Sustainable Features

This Project will comply with the University of California Sustainable Practices Policy. The Sustainable Practices Policy establishes goals for green building, clean energy, transportation, climate protection, facilities operations, zero waste, procurement, food service, and water systems. A full range of sustainability practices for building design and operations is included in the budgeting, programming, and design effort for the Project. The campus-developed component is designed to achieve or exceed the U.S. Green Building Council's LEED™ Gold certification. The Supportive Housing Component is designed to achieve or exceed a LEED™ Silver certification. The Student Housing Component would have an energy use intensity target of 28. The entire Project would incorporate electrification and would not utilize natural gas for building heat or hot water generation to comply with the fossil-fuel free provision of the policy.

This project has been analyzed by the UC Operational Carbon and Energy Assessment for New Construction Tool (Estimation Tool), and results are provided as Attachment 5. The Estimation Tool identifies high-level estimates of target site energy use, utility costs, and operational greenhouse gas emissions for the proposed project. Building performance statistics are being compiled within UC's capital projects database and will be utilized to compare and assess future projects.

Seismic Safety Policy

The Project would comply with the University of California Seismic Safety Policy, including independent seismic peer review.

Small and Minority-Owned Businesses

The Berkeley campus is committed to promoting and increasing the participation of minority, women-owned, and disabled veteran business enterprises (MBE/WBE/DVBES) in all purchasing and contract business. The campus will endeavor to provide qualified MBE/WBE/DVBES with the maximum opportunity to participate as suppliers and subcontractors on all construction projects through its selected general contractor. To meet this commitment, the campus will encourage the selected general contractor to actively seek to solicit bids from MBE/WBE/DVBE suppliers and subcontractors and expects its subcontractors to do the same.

Project Schedule

The campus-developed Student Housing and Open Space Components' construction would begin in summer 2022. Student housing occupancy is expected by fall 2024.

The Supportive Housing Component will apply for subsidized financing and funding sources following entitlement and approval of business terms, considered by the Regents in closed session. The Supportive Housing Component will also require National Environmental Policy Act (NEPA) review if the project includes City of Berkeley Housing Authority vouchers, which are federally funded. Pending financial feasibility, the Supportive Housing Component would begin construction in mid-2023.

Funding

The total budget for the Student Housing and Open Space Components is \$364.8 million and would be funded with external financing (refer to Attachment 2). The debt service would be funded from housing revenues. The campus is assuming a tax-exempt rate of 4.25 percent and a 35-year term with ten years of interest-only, followed by 25 years principal and interest. Years 11 to 16 would include partial principal payments. The average annual interest payment for years one to ten is approximately \$15,505,000. The average annual debt service payment for years 11 to 35 (principal and interest) is approximately \$25,305,000.

Over a ten-year period, the campus is projected to have a minimum modified cash flow margin of 10.1 percent, and debt service coverage of 2.1 percent, as required by the University's Debt Policy. Days' cash on hand is 93 days as of June 30, 2021, which also meets the requirements of the University's Debt Policy. The Student Housing and Open Space Components of the Project does not meet the minimum 1.00x auxiliary project debt service coverage ratio for the first five years of operations. An exemption from the Debt Policy has been granted as the campus has demonstrated that it can meet the minimum debt service coverage ratio over time. The campus meets the minimum 1.10x auxiliary system debt service coverage ratio required by the University's Debt Policy. The Summary of Financial Feasibility is provided in Attachment 6.

CALIFORNIA ENVIRONMENTAL QUALITY ACT COMPLIANCE

Pursuant to CEQA, an Environmental Impact Report (EIR) has been prepared for the UC Berkeley 2021 Long Range Development Plan (LRDP) and Housing Projects #1 and #2 (SCH# 2020040078) (Attachment 9). In addition to functioning as a program EIR for the 2021 LRDP, the 2021 LRDP EIR functions as a project EIR for two housing projects on the UC Berkeley campus. The subject project is referred to as Housing Project #2 in the EIR. With certification of the 2021 LRDP EIR by the Regents at the July 2021 meeting, no further CEQA evaluation is required. A summary of the CEQA process and the proposed Project's environmental impacts is provided in Attachment 7. Findings and the Statement of Overriding Considerations have been prepared to support the University's determination regarding project impacts, mitigation measures, and CEQA alternatives (Attachment 8).

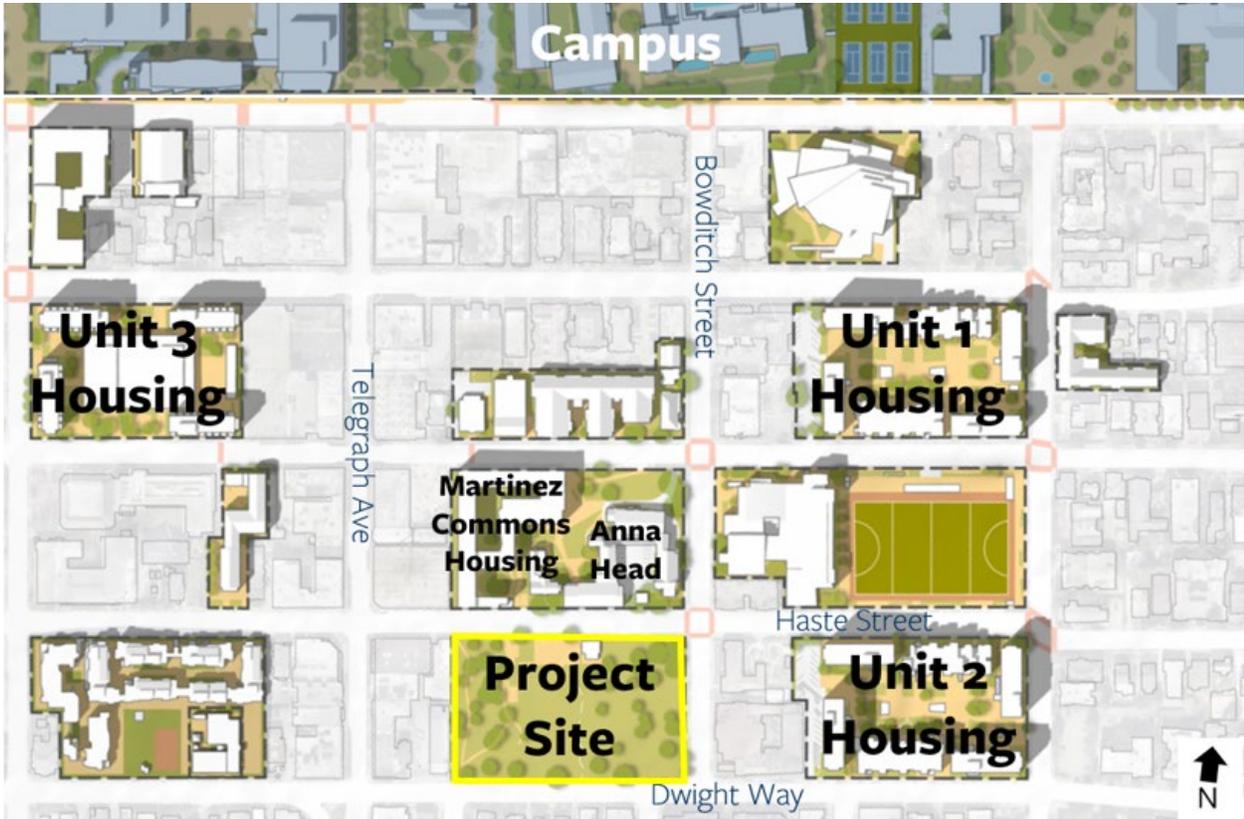
KEY TO ACRONYMS

CEQA	California Environmental Quality Act
EIR	Environmental Impact Report
Estimation Tool	UC Operational Carbon & Energy Assessment for New Construction Tool
GSF	Gross Square Feet
LEED™	Leadership in Energy and Environmental Design
LRDP	Long Range Development Plan
MBE/WBE/DVBEs	Minority, Women-Owned, and Disabled Veteran Business Enterprises
Project	Housing #2 Project

ATTACHMENTS

Attachment 1	Project Location Map
Attachment 2	Sources & Uses and Cost Drivers
Attachment 3	Comparable Project Information, Student Housing
Attachment 4	Design Graphics (see separate file)
Attachment 5	UC Carbon Estimation Tool Report
Attachment 6	Summary of Financial Feasibility
Attachment 7	Environmental Impact Summary
Attachment 8	CEQA Findings and Statement of Overriding Considerations
Attachment 9	Environmental Impact Report and Mitigation and Monitoring and Reporting Program, including Housing Project #2 https://lrpd.berkeley.edu/environmental-review

PROJECT LOCATION MAP



ATTACHMENT 2

**SOURCES & USES AND COST DRIVERS
HOUSING PROJECT #2**

SOURCES

	Housing	Retail Food Market	Open Space	Total	Percent of Total
External Financing	\$340,938,000	\$3,743,000	\$20,153,000	\$364,834,000	100.0%

USES

Cost	Housing	Retail Food Market	Open Space	Total	% of Total
Site Clearance	\$3,100,000		\$100,000	\$3,200,000	1.0%
Building	\$228,926,000	\$2,125,000	\$107,000	\$231,158,000	69.0%
Exterior Utilities	\$2,844,000	\$26,000	0	\$2,870,000	0.9%
Site Development ¹			\$14,787,000	\$14,787,000	4.4%
A/E Fees ²	\$12,116,000	\$255,000	\$1,582,000	\$13,953,000	4.2%
Campus Administration	\$7,428,000	\$69,000	\$257,000	\$7,754,000	2.3%
Surveys, Tests, Plans, Specs ³	\$977,000	\$9,000	\$24,000	\$1,010,000	0.3%
Special Items ⁴	\$7,470,000	\$69,000	\$32,000	\$7,571,000	2.3%
Contingency ⁵	\$50,229,000	\$466,000	\$2,092,000	\$52,787,000	15.8%
<i>P-W-C Cost</i>	<i>\$313,090,000</i>	<i>\$3,019,000</i>	<i>\$18,981,000</i>	<i>\$335,090,000</i>	<i>100.0%</i>
Groups 2 & 3 Equipment	\$6,128,000	\$497,000	\$50,000	\$6,675,000	
Project Total	\$319,218,000	\$3,516,000	\$19,031,000	\$341,765,000	
Capital Renewal ⁶	\$6,756,000	\$63,000	\$237,000	\$7,056,000	
Financing Costs	\$14,964,000	\$164,000	\$885,000	\$16,013,000	
Grand Total	\$340,938,000	\$3,743,000	\$20,153,000	\$364,834,000	

¹Site Development costs include direct costs associated with constructing a connected Open Space Component under the south wing of the Student Housing Component.

² Fees include executive architect basic services.

³ Material testing and inspection during construction (including concrete, steel, and soil compaction) comprises the majority of this budget and is based on campus historic costs for similar sized projects in similar construction materials and complexity.

⁴ Special Items include: Detailed Project Program; community engagement; special consultants such as energy modeling, LEED™ consulting, telecommunications and AV, acoustics, elevator, trash, waterproofing, façade, building maintenance, food service, cost estimating, smoke control and code compliance; hazardous materials assessments and permitting fees; structural peer review; EIR/environmental consulting; code compliance fees; and commissioning.

⁵ Contingency includes: two percent of building costs which will be allocated to CM/GC-GMP contractually predetermined construction contingency; an additional ten percent of building costs in anticipation of schedule delays due to litigation and special considerations relating to clearing the site for construction; the balance of contingency is reserved for overall project contingency uses.

⁶ Two percent Capital Renewal administered by campus facility services defrays the cost for long term maintenance of assets across the Berkeley campus (capital renewal program participation between two percent and four percent of project costs is included in all Berkeley campus capital projects).

Project Statistics: Housing

	Housing
GSF	326,500
ASF	214,300
Units	148
Beds	1,113
Efficiency Ratio: ASF / GSF	66%
Building Cost / GSF	\$701
Building Cost / ASF	\$1,068
Building Cost / Bed	\$205,684
P-W-C Cost / GSF	\$959
P-W-C Cost / ASF	\$1,461
P-W-C Cost / Unit	\$2,115,473
P-W-C Cost / Bed	\$281,303

COST DRIVERS

The cost to develop the proposed project is influenced by the following:

Design Decisions

The success of the project's design relies on preserving a significant amount of open space in order to retain the connected character of open space in Berkeley's South Side neighborhood. High rise construction—building up, not out—achieves this foundational design goal and results in 1.7 acres of open space. The following requirements and considerations apply when building high rise housing and are critical cost drivers:

- Structural frames and core walls are larger and thicker compared to low and even mid-rise buildings.
- Significant area is assigned to system distribution and risers.
- Significant space is taken by stairs and elevators; stairs in high rise construction require vestibules.
- Significant area is given over to systems and components necessitated by code-driven life safety requirements for high-rise buildings.
- In order to meet demands of UC Berkeley students, the project delivers shared-occupancy apartment units. Apartments currently comprise less than ten percent of the undergraduate single student beds in UC Berkeley's housing stock but routinely are the most requested housing type for continuing students. As compared to traditional residence halls, apartments include bathrooms, a full kitchen, and individual living spaces. The spatial and infrastructure resources necessary to build the individual apartment units is more intensive than the centralized facilities in a typical residence hall. The campus elected to maintain a maximum of two students per bedroom in order to further meet the demands of continuing students and abide by evolving public health guidelines related to COVID-19.

Site Constraints

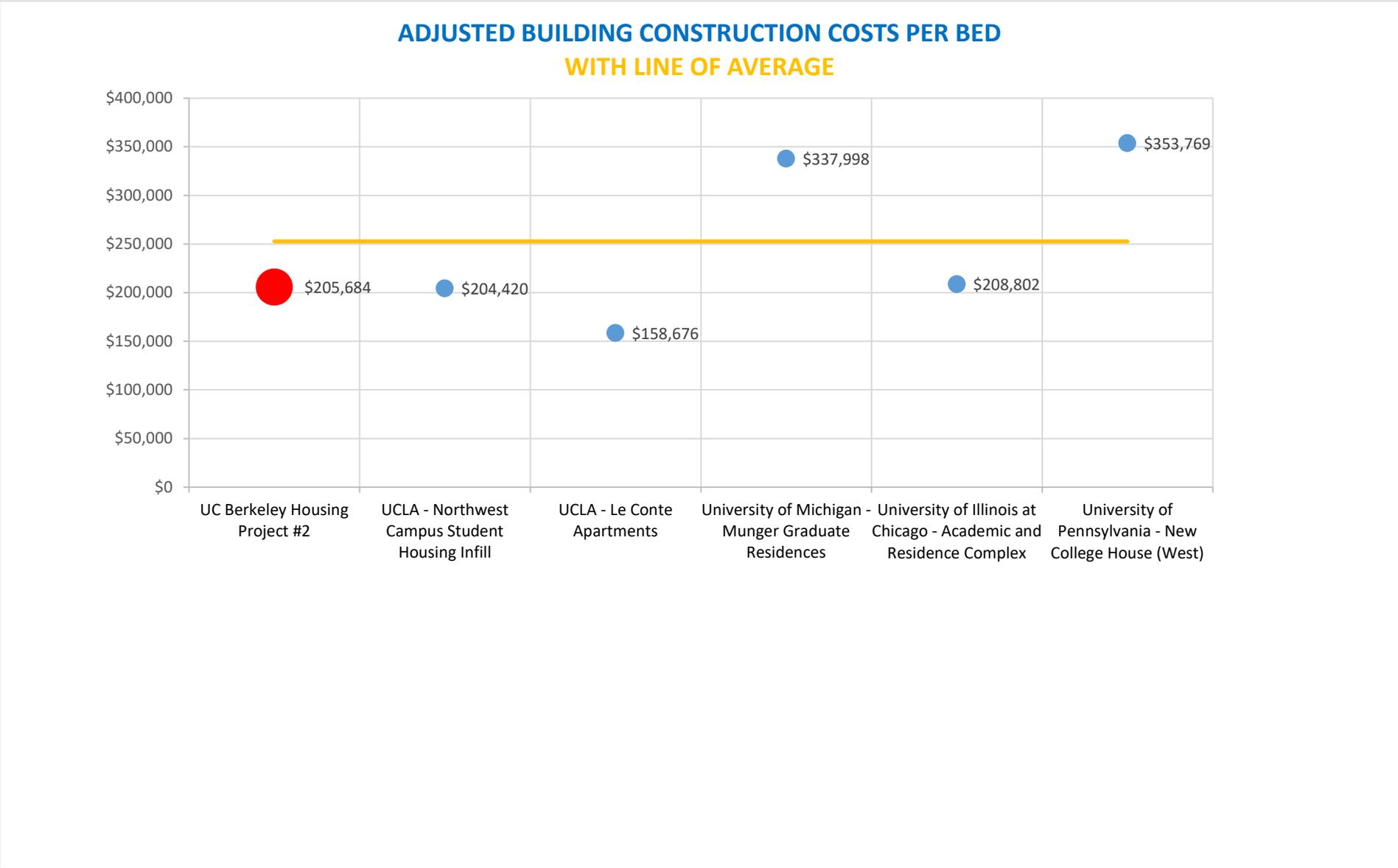
- Housing Project #2 is located several blocks away from the main campus. The site is bordered by a single-family neighborhood, sensitive cultural and institutional landmarks, and is adjacent to a commercial thoroughfare with a high volume of traffic. One-way streets abutting two sides of the site further reduce site access during construction.

- The dense fabric of the neighborhood limits laydown and staging space and necessitates two tower cranes in order to achieve construction efficiency.
- Logistical challenges for the movement of people, materials, and construction equipment are acknowledged in increased trade costs that reflect the resulting reduced production.

Cost Management Strategies

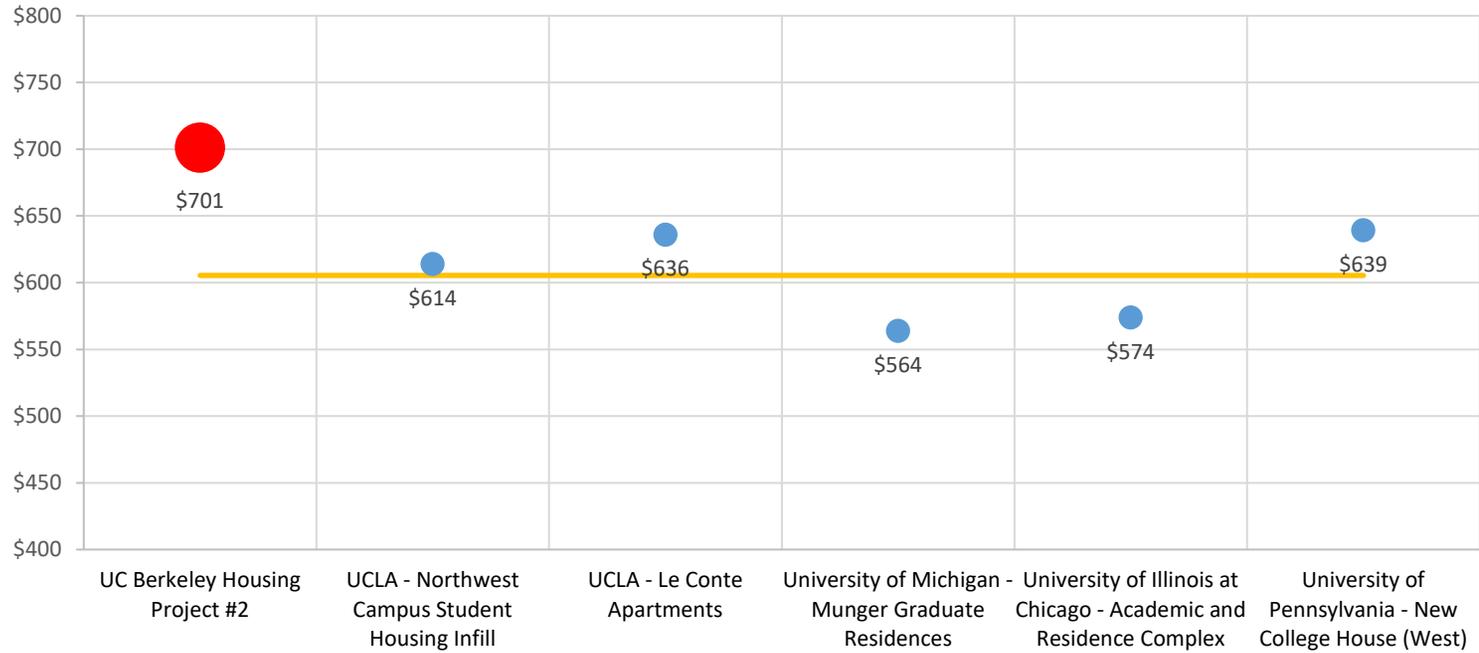
- The design has prioritized the efficiency of the floor plan and a lean, academic housing-focused program. Non-revenue generating space has been minimized and select amenity spaces have been carefully curated to meet the needs of students while not adding costs for unnecessary luxuries that are incompatible with student housing.
- The project design process included a rigorous assessment of alternative massing, construction type, and bedroom density to comprehensively evaluate the tradeoffs of high-rise concrete construction with bed delivery and revenue generation. The most cost-effective alternative that still met the campus's design goals was selected and is the basis of Housing Project #2 design. The Building Cost per bed of the project compares favorably with many of the comparable projects selected (see Attachment 3).
- The Berkeley campus is committed to controlling costs both moving forward in the design process and during construction. The campus has been approved to employ the construction manager at risk with a guaranteed maximum price (CMGC w/GMP) delivery method for this project. In addition to establishing a guaranteed maximum price, the CMGC w/GMP delivery method controls change order exposure by stipulating a maximum allowable construction contingency amount (as a percentage of construction cost) and incentivizes the contractor to stay within the prescribed limit with the promise of cost sharing any remaining balance of the contingency allotment after the project is complete.

COMPARABLE PROJECT INFORMATION – PAGE 1 OF 3
STUDENT HOUSING



**COMPARABLE PROJECT INFORMATION – PAGE 2 OF 3
STUDENT HOUSING**

**ADJUSTED BUILDING CONSTRUCTION COSTS PER GSF
WITH LINE OF AVERAGE**



COMPARABLE PROJECT INFORMATION – PAGE 3 OF 3
STUDENT HOUSING

#	Project Name	City/ Campus	GSF	Md. Pt. Const Yr	Beds	Units	Stories	Building Construction Cost*	Adj. Building Cost**	Adj. Building Cost / GSF**	Total Project Cost*	Adj. Total Project Cost**	Adj. Total Project Cost/ GSF**	Adj. Building Cost / Bed**	Adj. Total Project Cost/ Bed**
								COMP AVERAGES		\$605			\$768	\$252,733	\$324,855
1	UC Berkeley Housing Project #2	Berkeley	326,500	2023	1,113	148	12	\$228,926,000		\$701	\$340,938,000		\$1,044	\$205,684	\$306,324
2	UCLA - Northwest Campus Student Housing Infill	Los Angeles	503,175	2012	1,511	769	10	\$179,652,000	\$308,878,000	\$614	\$224,927,000	\$386,720,000	\$769	\$204,420	\$255,936
3	UCLA - Le Conte Apartments	Los Angeles	289,200	2020	1,159	192	17	\$152,388,000	\$183,905,000	\$636	\$188,374,000	\$227,334,000	\$786	\$158,676	\$196,147
4	University of Michigan - Munger Graduate Residences	Ann Arbor	380,000	2014	634	0	8	\$130,849,200	\$214,291,000	\$564	\$184,999,200	\$302,971,000	\$797	\$337,998	\$477,872
5	University of Illinois at Chicago - Academic and Residence Complex	Chicago	200,108	2018	550	0	10	\$79,689,529	\$114,841,000	\$574	\$94,838,500	\$136,672,000	\$683	\$208,802	\$248,495
6	University of Pennsylvania - New College House (West)	Philadelphia	249,000	2020	450	0	13	\$134,500,000	\$159,196,000	\$639	\$169,500,000	\$200,622,000	\$806	\$353,769	\$445,827
	* For University of California projects "building construction cost" is line 1 of the CIB form; "total project cost" is the Grand Total Project cost on the CIB or budget and includes total P-W-C (including interest during construction) and Group 2 & 3 equipment.														
	** All comparable projects have been adjusted to the project city and year using a combined factor of RS Means City Cost Index (to account for location) and RLB Construction Cost Index (to account for prior years).														

Note: Housing Project #2 comprises two high-rise buildings containing a predominant unit type of four-bedroom, eight-occupant apartments. Each apartment contains a living room, full kitchen, and two bathrooms. These factors present challenges in identifying comparable projects available at the systemwide level. The comparable projects supplied above offer two projects at UCLA and three projects outside of California for comparison to Housing Project #2. Three of the comparable projects, the Northwest Campus Infill, University of Illinois Chicago, and University of Pennsylvania projects, are not apartments and so do not reflect the space, plumbing, and electrical costs of constructing kitchens, living rooms, and individual bathrooms. Furthermore, the three non-UC projects do not include the rigorous policy-driven design approach of UC projects and do not reflect costs associated with improved seismic performance required when building in close proximity to active fault lines.

UC CARBON ESTIMATION TOOL REPORT

Housing Project # 2

UC OCEAN Report

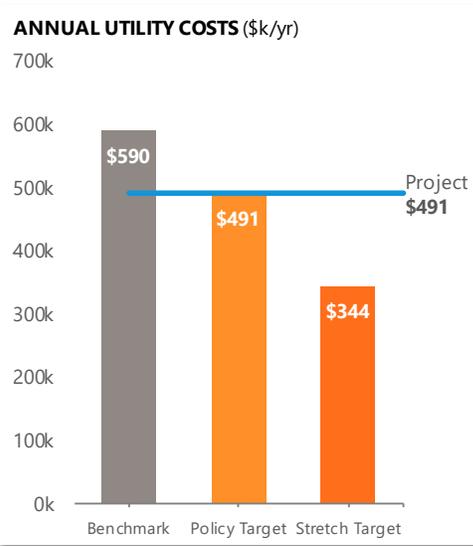
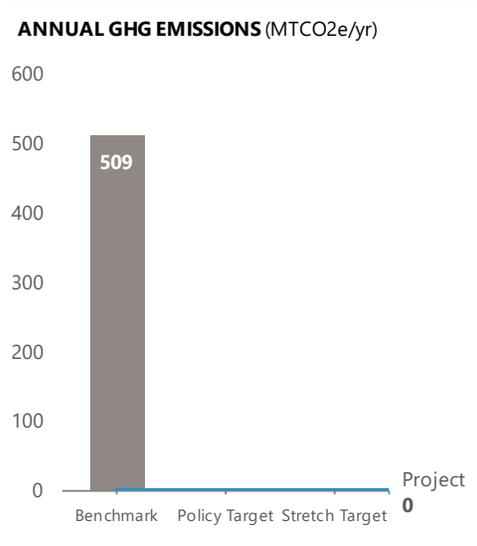
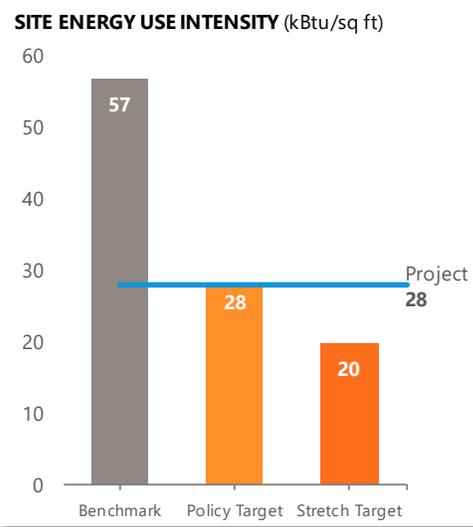
Report prepared on August 10, 2021

PROJECT RESULTS

32-Year NPV Utility Costs **\$13,575,500**
 Cumulative GHG Emissions **0 MTCO₂e/yr**

PROJECT INPUTS

Campus *UCB*
 Project Size *328,688 sq ft*
 Funding Stage *Not Applicable*
 Design Phase *Schematic Design*
 Fuel Source *All-electric*
 Electricity Provider *External Utility*
 Cooling System *Stand-alone*
 Heating System *Stand-alone*



DEFINITIONS

Benchmark: UC Sustainable Practices Policy whole building energy use baseline benchmark based on building type and campus location.

Policy Target and Stretch Target: The UC Sustainable Practices Policy includes bi-annually updated minimum and stretch targets based on percent reduction in energy use from the Benchmark. See Table 1 of Section V.A.3 in the Policy for more information (https://policy.ucop.edu/doc/3100155/SustainablePractices_).

Project: Results are estimated based on currently available project details and campus-specific energy assumptions.

NOTES

1. Policy and Stretch Targets for annual GHG emissions are zero, and forecasted operational GHG emissions are zero for this project because this is an all-electric building serviced by an external utility provider.

SUMMARY OF FINANCIAL FEASIBILITY

BERKELEY CAMPUS	
Project Name	Housing Project #2 Student Housing
Project ID	
Total Estimated Project Cost	\$364,834,000
Anticipated Interest During Construction (included in total estimated project cost)	\$16,013,000

PROPOSED SOURCES OF FUNDING¹	
External Financing	\$364,834,000
Total	\$364,834,000

SECTION I. Externally Financed Projects

FINANCING ASSUMPTIONS	
External Financing Amount	\$364,834,000
Anticipated Repayment Source	General Revenues of the Berkeley campus
Anticipated Fund Source	Housing Revenues
Financial Feasibility Rate	4.25%
First Year of Repayment (e.g. FY 20XX)	FY 2035 (interest only through FY2034)
Term (e.g. 30 years; indicate if any years interest only)	35 Years: 10 years interest-only and 25 years principal & interest
Final Maturity (e.g. FY 20XX)	FY 2059
Estimated Average Annual Debt Service	\$15,505,000 years 1-10 (interest-only) \$25,305,400 years 11 - 35 (average principal & interest)

Below are results of the financial feasibility analysis for the proposed project using the campus' Debt Affordability Model. The model includes projections of the campus' operations and planned financings.

CAMPUS FINANCING BENCHMARKS			
Measure	Campus Metric	Approval Threshold	Requirement
Modified Cash Flow Margin	10.1% (min), FY 2022	$\geq 0.0\%$	Must Meet
Debt Service Coverage	2.1x (min), FY 2025	$\geq 1.1x$	
Days' Cash on Hand	93 days, 06/30/2021	≥ 60 days	
Auxiliary Project Debt Service Coverage	0.85x* (min), FY 2026	$\geq 1.0x$	Must Meet for Auxiliary Projects
Auxiliary System Debt Service Coverage	1.34x (min), FY 2022	$\geq 1.1x$	

** The campus does not initially meet the minimum requirement and an exception to the University's Debt Policy has been granted by the Office of the Chief Financial Officer as the campus has demonstrated that the project is projected to meet the required debt service coverage ratio over time.*

ENVIRONMENTAL IMPACT SUMMARY

Environmental Review Process

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), the Environmental Impact Report (EIR) for the UC Berkeley 2021 Long Range Development Plan and Housing Projects #1 and #2 (SCH# 2020040078) (Attachment 9), was prepared and certified on July 22, 2021, under the Board of Regents of the University of California's (the Regents) direction. The EIR includes a program-level analysis of the 2021 LRDP and project-level analyses of Housing Projects #1 and #2; Housing Project #2 is also known as the People's Park Student Housing project. The Draft EIR was circulated to the Governor's Office of Planning and Research, State Clearinghouse, Responsible Agencies, and interested agencies, organizations, and individuals for a 45-day public review period beginning March 8, 2021, and ending April 21, 2021. The Draft EIR was made available at the Downtown Berkeley Library at 2090 Kittredge Street, Berkeley, California, 94704 and <https://lrdp.berkeley.edu>. A copy of all comments received, and the campus's responses are included in the Final EIR and further discussed in the "Public Comments" section below.

Proposed modifications have been made to Housing Project #2 following certification of the EIR. As modified, Housing Project #2 includes approximately 1,113 student beds and 125 affordable and supportive housing beds, for a total of 1,238 beds. The student housing beds are located in a T-shaped building with an average height of the north wing approximately 133 feet above the sidewalk and up to 154 feet where there is a small mechanical room with elevator and building systems on the roof. The CEQA Findings (Attachment 8) compares the modifications to Housing Project #2 to the project details evaluated in the EIR and identifies that the project modifications would not change the impact conclusions in the EIR. These revisions to Housing Project #2 would not result in any new significant impacts that were not already identified in the EIR, nor would these changes substantially increase the severity of any impacts identified in the EIR; therefore, no further analysis is required.

Environmental Impacts

UC Berkeley's 2021 LRDP and Housing Projects #1 and #2 EIR found that Housing Project #2 would have a less than or no significant impact on the environment in regard to Energy, Geology and Soils, Greenhouse Gas Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Population and Housing, Public Services, Parks and Recreation, Utilities and Service Systems, and Wildfire; a less-than-significant impact on the environment with mitigation measures incorporated in regard to Air Quality, Biological Resources, and Tribal Cultural Resources; and significant and unavoidable impacts with mitigation related to Cultural Resources, Noise, and Transportation. Pursuant to Public Resources Code Section 21099, the EIR did not consider aesthetics in determining the significance of the impacts of Housing Project #2.

Incorporation of project revisions and mitigation measures will avoid or reduce potentially significant impacts to less-than-significant levels to the extent feasible. The Final EIR is accompanied by a Mitigation Monitoring and Reporting Program to assure that all mitigation measures are implemented in accordance with CEQA (Attachment 9). Impacts that remain significant and unavoidable have been fully analyzed, and mitigation measures are identified to lessen impacts; however, there are no feasible mitigation measures to reduce the impacts to less than significant (see "Findings" section below).

Public Comments

During the comment period, 128 comment letters were received, including four from local public agencies or special districts, and 124 from private organizations and individuals. In addition, a public hearing on the Draft EIR was held on March 29, 2021, and UC Berkeley received 18 comments that were read at the hearing. Comments concerning Housing Project #2 included support of the project; suggestions for project alternatives; opinions regarding project design; and concerns regarding several topics, including, but not limited to construction health risks, biological resources, cultural resources, policy and plan consistency, noise, vibration-causing construction equipment, population displacement, open space, pedestrian safety, streetscape design, use of federal funds, storm water, and wastewater infrastructure. The comment letters did not raise any new issues that were not adequately analyzed in the UC Berkeley 2021 LRDP and Housing Projects #1 and #2 EIR pursuant to CEQA. Responses are included as Chapter 5, Comments and Responses, in the Final EIR. Therefore, while text revisions, including typographical corrections, insignificant modifications, amplifications, and clarifications of the Draft EIR were made to the UC Berkeley 2021 LRDP and Housing Projects #1 and #2 EIR based on public comments and staff-directed changes, recirculation of the document was not required. Revisions are included in Chapter 3, Revisions to the Draft EIR, of the Final EIR. The Final EIR contains all of the comments received during the public comment period, together with written responses to those comments which were prepared in accordance with CEQA and the CEQA Guidelines.

Findings

CEQA Findings for Housing Project #2 are provided in Attachment 8. Based on the analysis in the EIR, it has been determined that significant and unavoidable impacts would result from Housing Project #2, even with the incorporation of project-specific mitigation measures; therefore, the University acting as Lead Agency must prepare and adopt a “Statement of Overriding Considerations” (SOC) before it can approve the project. The SOC states that the decision-making body has balanced the benefits of the proposed project against its unavoidable significant environmental effects and determined that the benefits of the project outweigh the adverse effects and, therefore, the adverse effects are considered acceptable. The SOC is included in the CEQA Findings.