

# CSU Channel Islands Site Authority 32 Acre Parcel Development Land Development Review Committee



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ArtandDesign



# Agenda

1. Introductions
2. CI 2025 Vision Plan Overview
3. 32 Acre Development
4. Next Steps
5. Summary



# CI 2025 Vision Plan



# Overview

- Enrollment Growth
  - CI is a growing campus with increasing demand; full build out of 15,000 FTEs.
- Academic Need
  - Enrollment growth requires additional academic space for students & faculty to interact & engage in scholarly activity.
- Student Housing Growth
  - Students want a “college experience” that includes on-campus housing. CI can accommodate over 500 additional student beds.
- Residential Real Estate Market
  - Real estate market in Ventura County is improving
  - *Phase 2A/2B development opportunity is viable*



# Educational Mission Benefits

- Academic/student support facilities needed to support continued enrollment growth
- Development provides additional affordable housing options for faculty/staff recruitment
- Development completes the planned residential community that has sat vacant since 2008



# Goals

- Identify and leverage potential revenue sources
  - Site Authority (University Glen, housing, retail, tax increment)
  - Student housing, parking, retail, external events
  - Wellness/Recreation/Events Center
  - Public/public & public/private partnerships
  - Student fees
  - Grants, philanthropy, sponsorships, endowments
- Develop viable economic plans to support CI's growth
  - Academic, student life, residential
  - Plans for the next decade
- Facilitate integration of campus with community



# 32 Acre Development





# Background – University Glen

## PHASE I

- Specific Reuse Plan (SRP) adopted in 2000
- Phase I includes 658 dwelling units
  - 72 detached Residences
  - 200 attached Residences
  - 328 apartments
  - 58 apartments (Town Center Mixed Use Development)

## PHASE 2

- Phase 2 – **SRP Amendment would allow for the proposed 600 units**
  - 242 units were planned
- Phase 2 Construction Contract suspended in 2008
- Dec 2013 – RFP for Development Consulting Services issued
- May 2014 – Jones Lang LaSalle engaged as Development Advisor
- Sep 2014 – SA Board approves CI 2025 Vision Plan
- Nov 2014 – LDRC approves CI 2025 Vision Plan concept
- Mar 2015 – BoT approves CI 2025 Vision Plan concept
- Jan 2016 – RFQ/P issued
- Aug 2016 – KVV selected as developer



# Site Authority Objectives

- Create development consistent with existing community;
- Identify a partner with high standards for housing, community relations, management and maintenance of the property;
- Maximize ground lease revenue to the Site Authority
- Provide opportunities for below market-rate for sale housing for faculty and staff
- Incorporate environmentally sustainable O&M practices
- Maintain a strong sense of place and community for all residents consistent with existing aesthetic

# 32 Acre Development Program

## Original Program \*

- 242 House/Town Houses (for sale)
- No Amenities

\* *Developed in early 2000's. Post 2007/08 economic downturn, this is no longer a viable solution*

## Proposed Development Program \*\*

- 66 Town Houses (for sale)
- 54 Single Family Houses (for sale)
- 310 Market Rate Apartments
- 170 Senior Living Apartments (age restricted)
- Amenities
  - Club House
  - Community Meeting Spaces
  - Pool
  - Gym
  - Central Green Space

\*\* *Submitted by Kennedy Wilson in Spring 2016 based on RFP requirements*



# Project Location





# Concept Plan





# Program Overview

*Kennedy Wilson's (KW) current program<sup>(1)</sup> includes 600 units with a variety of housing options and community amenities.*

- **310 market-rate apartments**
  - One- to three-bedrooms, 750 to 1,340 SF
- **170 age-restricted senior apartments**
  - One- to two-bedrooms, 550 to 710 SF
  - Affordable, rent restricted units
- **120 for-sale homes**
  - Townhome and single-family units
  - Two- to four-bedrooms, 1,450 to 2,500 SF
- **Parking** ratio at 1.8 spaces per 1 unit
- **Community amenities<sup>(2)</sup>:** resort-style swimming pool, fitness center, community clubhouse and lounge, leasing center and game room



# Concept Elevations



Single Family Residences



Market-Rate Apartments



Age-Restricted/Income-Based Apartments



# Campus & Community Goals

*KW's proposal meets a range of goals<sup>(1)</sup> identified by CSUCI and the University Glen community.*

Project Goals:	Kennedy Wilson Proposal
Age-restricted housing	✓
Mix of housing options, including for-sale and for-rent	✓
Community amenities, including multi-use space	✓
Connection to existing community and shared use amenities	✓
Consideration of community support services contribution	✓

# Basis of Offer Value

*A variety of financial and non-financial criteria were used to assess the value of KW's current offer based on the developer's current program and updated development financial information<sup>(1)</sup>*



# Financial Offer

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*KW increased its upfront payment offer<sup>(1)</sup> in June 2016 by \$1,000,000 from its initial RFP response, and has also provided a deposit which will **not** be credited towards the lease purchase price.*

- **Deposit:** \$250,000<sup>(2)</sup>
- **Upfront Payment:** \$2,500,000
- **Home Sale Payments<sup>(3)</sup>:** \$3,000,000 based on payment of \$25,000 for 120 home sales
- **Recurring Rent Payment:** 7% of effective gross income for market-rate and age-restricted apartments (approximately \$700,000 at stabilization)
- **Community Support Services Contribution:** \$1,500,000 towards cost of facility development



# Developer Financing Structure \*

**The Site Acquisition and Infrastructure** - funded with equity from KW. No loan.

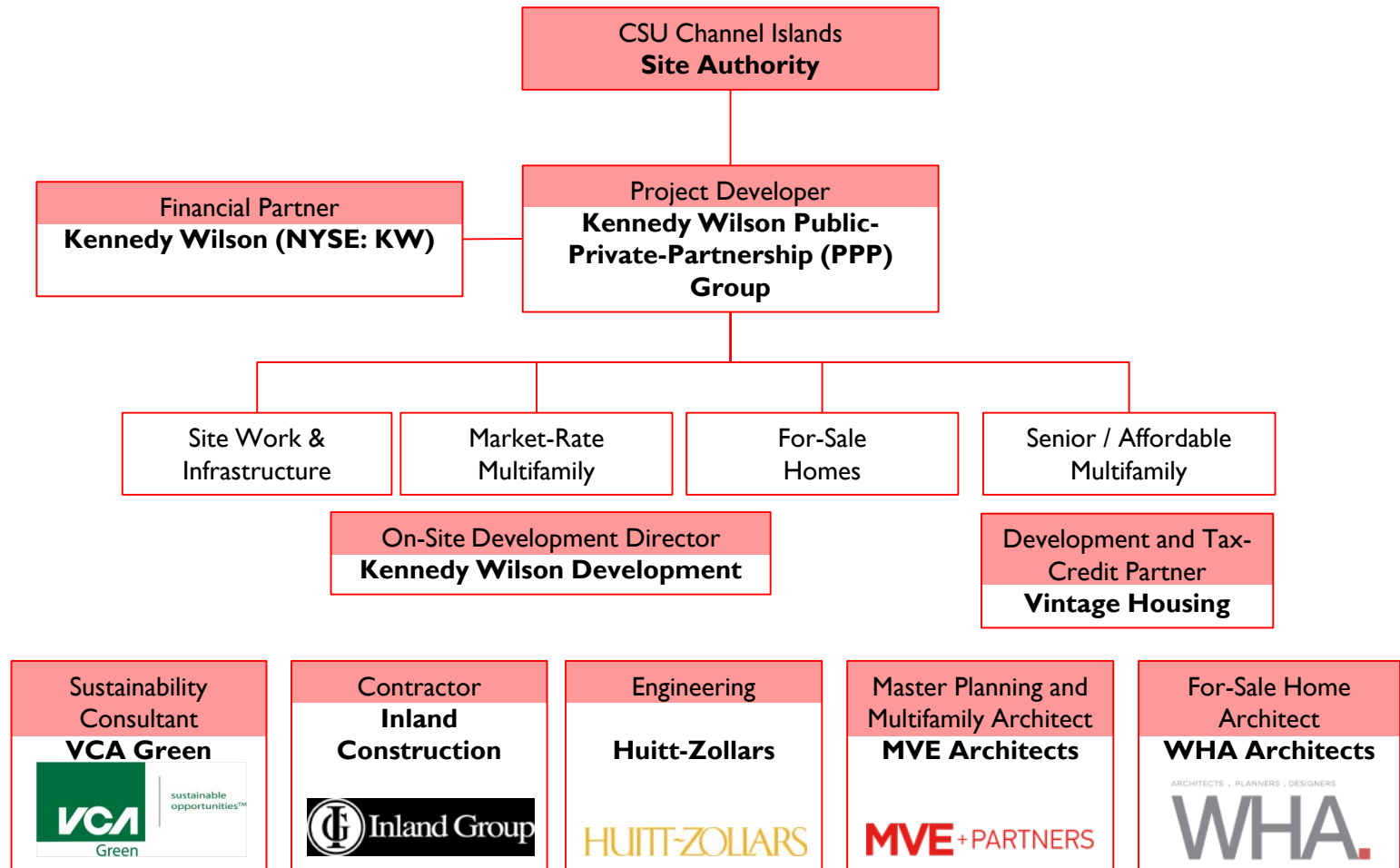
**The Age/Income Restricted Apartment** - funded with three equity sources: KW, subsidiary Vintage Housing (VH), and Low Income Housing Tax Credits. KW and VH using Section 42 of IRS tax code 4%, sold as equity. Construction loan via banks that regularly finance properties for KW and VH.

**The Market Rate Apartments** - funded with equity from KW and a construction loan via commercial lenders that regularly finance properties for KW.

**The For-Sale Attached/Detached Home** - funded with equity from KW and SFR Developer. A construction loan will be sourced by KW from one of our existing banking relationships.

\* *Submitted by Kennedy Wilson*

# Development Structure



# Risk Assessment

These are potential risks to the project

- Interest Rate Hikes – Will impact project financing costs
- Construction Cost Inflation – Labor shortages continue to drive construction cost increases
- Project Delays – Continued delays could impact developer's financial offer
- Housing Market – Signs of slowing growth could impact multifamily investment (per JLL Risk Assessment)





# Next Steps



## Schedule



- May 2017 – Publish Final EIR
- Jul 2017 – BoT Approval
- Sep 2017 – Finalize Development & Ground Sublease Agreements
- Apr 2018 – Start construction of site work infrastructure (est)
- Sept 2018 – Construction start of clubhouse/leasing/pool/amenities (est)
- Dec 2018 – Construction start of Apartments (est)
- Jan 2019 – Construction start of SFR and Townhomes (est)
- Mar 2021 – Completion of all construction (est)



# Summary





# Summary

- Deal completes the full University Glen residential community development
- KW's proposal is the most consistent with the Site Authority's development goals
- KW as partner to Site Authority will provide continuity in managing apartments and age-restricted/income based units in University Glen
- Site Authority requests development agreement approval and adoption of EIR

# Questions

