

# Associated Residential Community Housing (ARCH) Advisory Committee | MINUTES

**Meeting date | time** 3/12/2019 12:00 PM

**Meeting location:** Barret Room

<b>Type of meeting:</b> ARCH Advisory Committee	<b>Attendees:</b>
<b>Co-Chairs:</b> Jana Severson Gautam Akiwate	Jana Severson Hemlata Jhaveri Rebecca Otten Ramona Ferreira Malia Mahi Chris Dayss Robert Frazier Erwin Sandan Chris Pepes Anthony Graziano Petia Yanchulova Anindita Bhattacharya Jenna Bastear Hana Haddad Jenna Bastear Holly Godden Valerie Saiag Hana Haddad Anupam Garg Burgundy Fletcher Melisa Vipperman-Cohen (GSA President)
<b>Note taker:</b> Malia Mahi	

## AGENDA

Meeting begun at 2:04pm with agenda review:

1. Bylaw review and vote for online appeal
2. Appeal review
3. Rates Discussion

### Item #1

Gautam presented bylaw changes to committee members to ensure there is an official process in place for online voting. Petia asked that bylaws are editable online by members. Anindita reminded the committee that appeals are backed up over the summer. Jana commented that we are looking for a balance that allows appeals to be answered within a reasonable amount of time but also allows committee members time to review. A vote on the Bylaw revision, Section #2, will be held at the next meeting.

### Item #2

Appeal review. Appeals voted on as a slate. Gautam noted to committee that if there was an appeal they wanted removed from the slate as a separate discussion item, make a motion.

Petia asked about appeal 1403. Malia explained that the appeal was pulled back by housing and should not have gone to committee for review. Petia and Gautam requested clarification on why appeal was pulled. Housing to provide an update.

### Slate Appeal Vote # 1407, 1387, 1386, 1384

- Marybeth motioned for a vote to confirm appeal votes as they were voted online.
  - Anindita seconded the motion.
  - Vote: 9-approve, 0-deny, 0-abstain

### Appeals Pending:

Appeal #1391 requested to be pulled from slate by Burgundy for committee discussion.

Appeal #1407 did not meet quorum and will need to be discussed at next voting meeting.

### **Item #3**

Hemlata reviewed committee concerns and HDH response.

ARCHAC members requesting historical debt and rental rates. Members also requested information on debt, principal and interest, revenue and operating expense. Erwin promised that they would provide as much as they can. Burgundy asked for more information on rental rate history. The following scenarios were presented:

#### Scenario #1

- 5% rate increase for all old & new inventory (6% Mesa Nueva)
- Same proposal as originally presented in February

#### Scenario #2

- Old inventory at 3% (OMS, South and Central Mesa and Coast)
- Mesa Nueva units currently occupied grandfathered at 3%
- New Mesa Nueva residents pay 6% increases July 1, 2019
- Displaced students grandfathered at their current rate + 3% annual increase
- Nuevo West and Nuevo East rates reflect adjusted pricing to offset 3% existing inventory increases

Burgundy stated that she represents people who cannot afford rent now and it is shocking and concerning when we remove Rita and SGA as an affordable option. The new stock will be less affordable and more comparable to La Jolla prices.

Hemlata added that the most expensive units to build are studios and one bedrooms. In a 2-bedroom unit, common areas such as kitchens and bathrooms are spaces shared by more than one person. Market pricing reflects this as well. Mesa Nueva opening rates for studios were 40-50% below market. These unit types are built at high expense allowing students to have their own space, but are priced severely under market. Scenario #3 addresses the underpricing of this unit type.

Gautam noted that he spoke to Corey who mentioned themed housing for the four and 6 bedrooms in order to build community and get away from the fragmented living situations and have more of a communal feeling.

Petia reminded the committee that as the rental rate goes up; pay rates for graduates will not match the increases.

Hemlata noted that this is a separate issue that should be addressed with campus. Hemlata reminded committee members that housing is an auxiliary and we have to pay back the debt with interest. She asked the committee to consider how long we are taking to pay the funds back; there is no free money for housing. The revenue has to equal the expense.

Petia asked why Housing keeps borrowing if we continue to find ourselves in a worse situation.

Hemlata also asked the committee to look at the rental market. The market does not distinguish who you are (student, faculty, staff, or a professional); they charge everyone the same rate. Housing can still do better when compared against the market as we bundle items like utilities into the rates hence the waitlist we see consistently on both the graduate and undergrad side. Erwin has rental rate data from the larger San Diego market not just La Jolla zip codes.

Gautam shared that his concerns are the proposed rental prices and that committee members still have questions. He is also still concerned about the proposed loss of Rita and SGA. ARCHAC understands that undergrads need to be housed which still means there should be compromise on this. Students are afraid that properties could be reallocated to undergrads later like Nuevo East or Nuevo West. Could there be a revenue sharing model that would allow us to price new construction at a more reasonable rate and shows graduate students how the committee was able to compromise. He acknowledged that graduate students would get La Jolla del Sol in 2026 and would like to request revenue sharing for Rita and SGA until 2026.

Gautam noted that in the short term the committee would trust data provided by Housing. He stated that the committee wants to get back into the black. Gautam requested that they would like to get a lot more data and present to Housing rate options.

Hemlata has no issues sharing data, as soon as soon as the financial team has time, however, they need time to pull the data.

Gautam also thinks that the lack of data provides the possibility of making uniformed decisions.

Petia disagrees that they cannot take our (Housing's) word. Petia discussed the rate differentials for Coast during the 2018-2019 budget. After Coast residents brought their concerns, Housing was able to reduce the rates so quickly. Petia noted that in advocating for Coast residents last year, it took two weeks away from her baby and her personal life. Wants the opinion and value of ARCHAC to be recognized, when nothing makes sense to her. She stated that ARCHAC is not a rubber stamp for the University; it is not their role.

Hemlata stated that we are sharing as much as we can. Keeping older inventory at a 3% increase means that Nuevo East and Nuevo West will be priced higher to allow current residents to be at a 3% increase.

Scenario #3 –

- Old inventory at 3% (OMS, South and Central Mesa and Coast)
- Mesa Nueva units currently occupied grandfathered at 3%
- New Mesa Nueva residents pay 6% increase July 1, 2019
- Mesa Nueva studio unit rate reset in FY21
- 4.5% rate increases at Mesa Nueva vs 6% in scenario 1&2
- Nuevo West and Nuevo East rates reflect adjusted pricing to offset 3% existing inventory increases

Anindita stated that they do not agree to vote for different rates for different student populations and that they do not understand the fundamentals of the rate modeling on their own. She requested that we should stop reading the slides (presenting the scenarios).

Burgundy noted receiving emails from housing about Basic Needs and food stamps means prices are already out of control. Aggressive construction from campus leadership is out of control. She noted that numbers are not matching up when ARCHAC members run them in their own models.

Hemlata proposed doing an independent study with a neutral party looking at the rates.

Jana commented about numbers presented last year for the budget. The debt presented was understated as directed by leadership at the time. ARCHAC was presented a \$1.2 million differential when we were really \$5 million in debt. The problem is real and we cannot continue to perpetuate the problem. Six scenarios presented during the 2018-2019 budget discussion included differential pricing for items like Mesa Nueva master bedrooms and amenities such as washer and dryers.

Anupam thanked Jana for the transparency and that explains some of the distrust seeing these numbers.

Petia clarified that ARCHAC numbers presented to the committee last year was not transparent.

Anindita says they have been given a task that is not fully understood. The committee still does not have a fundamental understanding of the finances and are not in a position to make sense of the numbers.

Anupam confirmed that the independent study would be a good idea. Would be good to study rates and affordability as related to graduate stipends and how the rate models project with the stipends. Anupam asked for student representation on the committee. He noted that the numbers are concerning if they are based on 100% occupancy, currently he is aware that we have availability at 2 bedrooms and could cause more issues if occupancy is off.

Petia noted that people had let her know that they received an email to move into vacancies at One Miramar and that she had never heard of this happening before.

Jana noted that this is typical for this year to be around an average of 96-97% occupancy. We have about 10 takers on the emails that went out last night and HDH is working on keeping these locations full. Malia noted that we have offered spaces in prior years during this time period when we cyclically see occupancy lower.

Anupam agreed that the concern is that if we are running close to market rates we may face the possible loss of occupancy causing rates to increase more.

Petia motioned for all members to get communc together outside of the meeting and start from scratch. She noted that committee members are here to help, not fight or bargain or undermine. There is a way to make this work. She noted that she has enjoyed working with everyone from housing.

Jana agreed that we are here to work together we have a job we need to do.

Hemlata noted that what was done last year was incorrect and we need to start afresh and move forward. She asked for feedback on scenarios #2 and #3. She noted that housing has a hard deadline we have to meet. She asked the committee to consider looking at one year of rates only.

Gautam referred to Anupam's concerns regarding occupancy and asked if Housing could consider offering a 3<sup>rd</sup> year of housing. Jana stated that we have been looking at offering 3 years but we would need to add more housing otherwise the waitlist would be further impacted.

Anupam asked if Housing could look at the modeling if we add a 3<sup>rd</sup> year now versus at the opening of Nuevo West and Nuevo East. He noted that he would still be interested in a two-year rate plan. No matter what we do, there will be significant rent increases. Anupam requested if Housing could add 2-4 years of rate estimates and have the estimated rates posted online with a caveat that they could be 5% off. Having a multi-year estimate would be helpful to new incoming residents to estimate and plan accordingly.

Hemlata noted that having the third party study would help with the data collection.

Anupam asked philosophically what if we are not at the 20% market and how would campus respond. Hemlata noted that we would need the data to share with campus.

Hana asked to see Scenario #1 again to review rates for Nuevo East (NE) and Nuevo West (NW). Hana want to point out that Nuevo East, Nuevo West rates are high compared to the rest of the stock, that students may not want to move into NE and NW, and could it affect the interest of new incoming students.

Burgundy wanted noted that some folkx pay for every bed in their apartment (for example families who rent a full unit).

Erwin provided overview of all three scenarios. Scenario #1 – we are estimated to get back to the black by year 10; Scenario #2 & #3– requires borrowing more money and would extend the deficit for more years. Erwin will email the presentation out to the committee and add to the Drop Box.

Petia asked if the debt is one big chunk between UG and Grad. Jana stated Grad is a separate budget. Petia asked for clarification of how the reallocation of Rita and SGA is presented on the budget. Petia noted that there is no document reflecting the transfer on the graduate budget. Petia asked how this is reflected on the budget.

Anthony noted that there is a transfer of revenue and operating expenses. What you have paid in is the utility use of the building.

Marybeth noted the use of North Mesa in 2017 to address the undergrad over demand.

Anindita asked for clarification and to see numbers in columns to show the actual deficits from 17-18 and same for this year.

Gautam requested again that we look at Rita staying with graduates. Undergraduates are getting properties that have been paid down for a long time and will be theirs for 25 years.

Petia asked if there is any surplus on the undergraduate budget pays off the graduate budget. Jana noted that it was in the past, but we cannot continue with this model.

Hemlata noted that any graduate deficit in the past paid by undergraduate reserves should not have been used in this way, and that the undergraduate budget should be kept separate.

Hemlata noted that seventh college will take two 2 years to populate and that Rita could stagger the reallocation to undergraduates over a two year exit strategy.

Mel noted that the committee is moving in the right direction and thanked everyone.

Hana stated that the Graduate Division Dean was holding office hours and any student with concerns specifically regarding graduate pay should go talk to the Dean during the published hours.

Petia noted that she did not supporting hiring the third party consultant, what would help is truthful numbers. She asked if the committee could all sit down with housing to see how the numbers work. Gautam asked if HDH was willing to host ARCHAC committee members in the next few days to understand the numbers. Hemlata agreed it would help members. Erwin will consult his schedule and ARCHAC members can sign up to attend.

Meeting adjourned at 3:40 pm.