Meeting date | time 3/5/2019 2:00 PM
Meeting location: Barrett Room

Type of meeting: ARCH Advisory Committee
Co-Chairs: Jana Severson, Gautam Akiwate
Note taker: Leticia Ruelas

Attendees: Jana Severson, Hemlata Jhaveri, Pierre Ouillet, Ramona Ferreira, Malia Mahi, Chris Dayss, Robert Frazier, Hana Haddad, Anupam Garg, Petia Yanchulova Merica-Jones (video), Gautam Akiwate, Jenna Bastear, Marybeth Ward, Holly Godden, Anthony Graziano (HDH guest), Erica Ferrer (GSA guest), Chris Pepes (HDH guest), Erwin Sandan (HDH guest), Anindita Bhattacharya, Valerie Saiag, Valerie Saiag, Burgundy Fletcher

AGENDA
Meeting begun at 2:06PM with introductions.

Agenda items:
- Graduate Housing Presentation
- Budget Follow-up presentation

Pierre thanked the committee for inviting him. He shared it was important for him to attend. He also shared a few thoughts and asked the committee to keep them in mind during the presentations:

- They are taking on tremendous debt and don’t have an option not to pay for it. Revenue needs to match expenses.
- They finance everything on the housing side and have access to amazing rates.
The math is not working. When there is so much going on, it’s really hard to make it work. He had to go to the chancellor and get a line of credit. They can’t go over the line of credit and need to hit the revenue targets.

He was a graduate student himself and understands it’s very tight budget.

They are getting rid of older units to create new ones. Old stock is getting to the end of their life.

They have a more unified stock at prices that are comparable to each other.

The only way to look out for students that need more assistance is through financial aid. He added there’s pushback from some students as financial aid is income based.

The consideration: how can HDH provide a variety of price sensitivities? He proposed holding the prices for current units but increase the newer ones. He added they would still need to meet revenue.

**Graduate Housing Plan:**

Jana gave a presentation:

- In 2020, HDH will open two new graduate housing residential areas, Nuevo West (800 beds) and Nuevo East (1,380 beds), and undergraduate housing, North Torrey Pines Living and Learning Neighborhood (2,000 beds).

- Mesa Neighborhood plans:
  - OMS (built)
  - Mesa Nueva (built)
  - Nuevo West (in construction)
  - Nuevo East (in construction)
  - South Mesa East (future)
  - South Mesa West (future)

  - Hemlata added they would focus on low density housing for families in the South Mesa project

- Timeline
  - 2020
    - Rita converts to transfer student housing
    - Rita residents receive priority to relocate to lower cost graduate and family housing community options.
  - 2023-2025
    - Regents Rd (2 phases) mixed use project creates retail opportunities and Arboleda or central park type setting.
  - 2024
    - South Mesa East redevelopment
    - 500 beds
    - Low density, family oriented
  - 2025
    - South Mesa West redevelopment
    - 1500
  - 2026
    - La Jolla Del Sol conversion to grad family housing begins

**Questions:**

- Petia asked if HDH would own all the new buildings.
  - Hemlata responded they would own all except the ones created by other developers.
- Anupam asked what was in the Regents Road land and how much input students had.
  - Hemlata pointed it out through the map.
- Erica asked what the life expectancy is for the new buildings.
  - Hemlata responded about 50 years as they are not building with wood stock.
- Erica asked about sustainability.
Jana confirmed all projects have sustainability components. She explained the LED requirements and HDH expectations.

- Petia asked for clarification on the old buildings.
  - Hemlata responded they are low density. The only way to add more housing and meet the 4 year guarantee is to redevelop as there’s no more land.
  - Pierre added the buildings are also reaching the end of their life.

- Hana asked for the number of housing years guaranteed at each point of the new construction.
  - Hemlata responded they are considering a 3rd year with what’s coming online in 2020. They will be at 75% of graduate housing with south and central. She added the topic would come back to the group for further discussion.

- Marybeth asked why they were giving up graduate housing now instead of waiting until 2024.
  - Hemlata responded undergrad is driving it.
  - Marybeth added they are graduate housing not undergraduate housing. Her concern is that graduate students aren’t receiving housing. She added some of her students didn’t receive housing.
  - Pierre responded they have added 2,000 graduate beds.
  - Gautam and Anindita added graduate students are also losing housing.

- Gautam shared he reviewed minutes from 2016 and at that point graduate housing was subleased to undergraduate housing.
  - Pierre responded they need to move away from ownership. They are adding a lot of graduate housing while undergraduate students are at 3 per room.

- Marybeth shared she felt they need to talk to admission.
  - Pierre responded they are pushed and pressured to add. He’s had to explain to the senate as to why they aren’t expanding. There were 120 thousand applications. He added he didn’t mean to be hard on the committee and appreciated the interest from graduate housing.

- Gautam shared he felt the committee wasn’t included in the discussions and were instead told it was happening. He added the committee is supposed to be an advisory committee. He asked if it was possible to sublease the facility instead of losing it. They could let undergraduate students use graduate facilities until undergraduate housing is built. Lastly, he asked if rent increases could match TA’s increase.

- Anindita shared they were never told they would be losing housing. She added they agreed to sublease in the past with hope that the facilities would be returned to graduate students. She asked if HDH would be looking for housing out in the community with lower rates.
  - Hemlata responded they looked already and conversations didn’t go well with owners. Owners wanted HDH to pay more than market prices due to demand. HDH didn’t want to increase those behaviors and instead they added more triples. They added 450 more triples that weren’t designed for that.

- Erica thanked Hemlata and Pierre for attending the meeting. She added certain comments weren’t productive.

- Petia shared competition for graduate students has grown while population has been decreasing. She shared some statistics.
  - Pierre responded they would love not to grow. He added there is pressure not desire and that they are losing money. Lastly, he added he wanted everyone to know facts that are happening.

**Budgets follow-up**

Erwin gave a presentation

- He showed a breakdown of all costs
  - Shuttles Recharge
  - Police Recharge
  - Mail Recharge
  - Facilities Management Recharge
  - EH&S Recharge
  - ASSA Recharge
  - UCOP Assessment
- Cable TV & Internet Expense
- Utilities Expense
- POP, Maintenance and Equipment Expense
- Salaries and Benefits
- Housing Expenses
- Etc.

- He showed annual graduate housing debt from FY18- FY29
  - FY18- $15 million
  - FY19 – $19 million
  - FY20 -$27 million
  - FY21 – $31 million
  - FY22 – $40 million
  - FY23 -$40 million
  - FY24 – $45 million
  - FY25 – $60 million
  - FY26 – $62 million
  - FY27 – $68 million
  - FY28 – $68 million
  - FY29 -$68 million

- Rita Atkinson
  - Paying interest only
  - Beginning FY21 both interest and principal will begin which will increase the annual debt service from ~$3M to $5M per year
  - Principle payments for Rita and Warren SGA will be credited against future debt service
  - HDH will cover grad deficit for FY20 and FY21 through UCSD campus loan of about ~20-30 million

- SGA
  - $7M in Principal has been paid thru FY18
  - ~$13M total project cost

- Graduate Housing rate scenarios were provided
  - Showed a cumulative 10-year deficit
  - Showed an annual deficit
    - HDH would be out of the red in FY30 with a 5% increase.
  - 100 million is the max line of credit they will receive

- Rita scenarios
  - Rita location will run a 10-year deficit in addition to Grad Housing Portfolio deficit if no change
  - If Rita transitions to undergrad housing in FY21, operation will break-even

- Graduate housing rate projections were shown
- Graduate students housed by year was shown
- Grad family housing vs. market rates
  - Comparison by were students live
  - Compared to housing portfolio
  - From market stand point HDH is below rate

**Questions:**
- Gautam asked for total beds per property.
  - Erwin responded with the help of other HDH staff
- Burgundy asked why the Rita did not show up after FY21.
  - Erwin responded it was assumed to be going to undergraduate housing.
- Gautam asked why they couldn’t pay 25 years of Rita versus 35 years of Nuevo East if it was the same debt.
Erwin responded it’s based on interest rates they received.
Gautam responded it makes sense from the graduate perspective to keep the Rita and sublease it to the undergraduate students.
Hemlata responded although it might be the same amount of debt, Mesa is being built for graduate students. Mesa has amenities for graduate students. She added Rita doesn’t have parking so it’s a good option for undergrads as undergrads are not allowed to bring a car their first year.
Anupam responded the Rita was designed for graduate students at some point. He shared people without cars or disabilities will struggle.
Hemlata responded they need to find a place for the transfer students being displaced. It makes sense that beds in Mesa Nueva be given to graduate students.

Ramona shared she felt the committee was missing the bigger picture. They have always been collaborative. She added it’s not just graduate students, it’s the whole university. The idea is to find the best mix. Mesa is being developed for graduate students and families. Lastly, she added she has heard from a lot that graduate students that they don’t want to live with undergraduate students.

Anupam responded they were trying to find the right number of beds to give up. There are graduate students who also have difficulties. Without the Rita there’s nothing left to live on campus.

Anindita shared as a graduate student she felt much safer living at the Rita. She feels Rita is an important resource for graduate students. She asked why it’s difficult for the university to receive more funding if the state is forcing growth.

Pierre responded they have asked for more funding, but the state doesn’t cover enough. Just to cover inflation, he is starting with a negative number. He needs to find revenue just to cover expenses. It’s hard trying to manage the pressure. He added he would love to have more non-residence subsidizing the growth. He added graduate housing has more net in comparison to undergraduate. He suggested discussing rates vs holding onto land.

Petia agreed they need to work together. She expressed housing would take above 30% of TA salaries. TA salaries will only increase by 3%.

Hemlata asked if they would be open to a model with price differential. If the group were interested, they would bring something to the following meeting. She added old stock (Coast, Mesa, OMS) stay at a 3% increase, MN at 6% increase and the new stock would be priced correctly. The old stock would not pay the new stock.

Erica suggested finding a way to work together to account for those who would be displaced from the Rita or SGA.

Hemlata responded students that are displaced would be moved to communities were they would only see a 3% increase. Students displaced would keep the Rita/SGA rate and only see a 3%.

Erica discussed becoming allies moving forward.

Petia asked what line item (on the budget) showed the transfer of the Rita.

Erwin responded they would see the change in debt services. Debt goes away for the Rita, but new projects are being substituted.

Petia asked for clarification on debt for FY19.

Erwin clarified.

Petia responded there was a discrepancy.

Jana asked her to send her an email with what she meant.

Bob shared they needed to step back and look at three features: rate, inventory and length of term. Balancing those three items. Giving up the Rita gives them the opportunity to build more. If they build more units then they could provide a longer term. Goal is targeting the bigger population and providing housing for 3-4 years at a lower rate.

Burgundy shared she was disappointed as La Jolla rates are high rates to compare to. She gets the Rita going away, but is upset about rates. She feels in 10 years they will be at La Jolla prices. She added she hasn’t talked to anyone that wants this change to happen. She also addressed getting donors. She added she is willing to talk to possible donors.

Pierre asked if they should build more housing.

Burgundy agreed but suggested no increase for the next 5 years.
Pierre responded HDH heard them and proposed keeping 3% for the older stock. He added he would love to fundraise and get money, but donors are more likely to donate to academics. He shared an example of engineering department. He finally added he appreciated the dream.

- Burgundy responded that when he talks about a dream then there is no chance.
- Pierre responded they need to go by inflation. They are trying to be as creative as possible, but they need to live in the real world.

Erica added she had no doubt that they have been looking for donors, but feels it needed to be revisited. She agreed with Burgundy that they might be able to talk to donors.

- Anupam asked if there was another creative way to keep Mesa Nueva as old stock as Mesa Nueva currently houses many of the graduate students. He added stipends aren’t attached to La Jolla rates.
  - Pierre responded they are not going by the market. He clarified they are saying they will keep it below market and are not chasing La Jolla market.
  - Hemlata asked if there was an interest in the proposal: 3% increase at lower stock (Coast, OMS, Mesa), 6% increase at Mesa Nueva and new building priced correctly.

Petia added it was about how they are affecting people’s lives today for later. They needed to sit down and think of those realities. She shared discrepancies based on salaries between TAs and other jobs around SD or UCSD employees.

- Pierre asked Hemlata to make the proposal again. He added he appreciates the points, but they couldn’t happen.
  - Hemlata repeated the proposal: 3% increase at lower stock (Coast, OMS, Mesa), 6% increase at Mesa Nueva and new building priced correctly.

- Valerie asked about donors as all the students that contact them are at a breaking point. They have had their rates increased and are very upset. They are coming together and protesting. Appreciate the new offer. She would like to know more details.

- Gautam would they like HDH to explore the following:
  - Different prices between old stock and new stock, while keeping Mesa Nueva at lower than 6% increase.
  - The possibility of subleasing the Rita and SGA for 5 or 10 years to help alleviate the costs.
    - Anindita motioned to vote
    - Marybeth seconded
    - 8 approve, 0 deny, 0 abs

- Anupam asked about keeping Mesa Nueva at a lower percentage
- Burgundy proposed exploring a 0% increase.
  - Pierre confirmed they couldn’t do a 0% increase.

Jana proposed an emergency meeting next week same day same time. Meeting adjourned around 3:50pm. Next meeting will be on 3/12/2019 from 2-3:30pm at the Barrett room.
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 commune 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 3rd 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 3rd 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.
Meeting date | time 3/19/2019 3:00 PM
Meeting location: Barrett Room

Type of meeting: ARCH Advisory Committee
Co-Chairs: Jana Severson
Note taker: Leticia Ruelas

Attendees:
- Jana Severson
- Hemlata Jhaveri
- Rebecca Otten
- Ramona Ferreira
- Malia Mahi
- Chris Dayss
- Robert Frazier
- Holly Godden
- Erwin Sandan (HDH guest)
- Petia Yanchulova Merica-Jones
- Anthony Graziano (HDH guest)
- Chris Pepes (HDH guest)
- Hana Haddad
- Valerie Saiag
- Jenna Basteur
- Melissa Vipperman-Cohen (GSA President)
- Anindita Bhattacharya
- Joshua Stacy
- Anupam Garg
- Burgundy Fletcher

AGENDA
Meeting begun at 3:05PM. Jana asked for a timer to keep the meeting on track. Jana introduced Joshua Stacy and welcomed him.

Comments:
- Jana shared her thought about the optional financial meeting. She felt the questions in the optional meeting started to feel like there was suspicion of something unethical happening. A question has come up several times as to why the presentation that went to ARCHAC last year had the debt understated. She clarified it was handled in a matter that would provide a short-term solution. The group was tasked to budget for a certain amount and that’s what the committee did. The rest of the balance was covered by reserves. She added she wanted to be mindful of the staff that were in the process last year. Wanted to be respectful of their integrity. She shared it was not to be unethical, it was a short-term solution. This year it’s not liable to continue. HDH is looking for a long-term solution.
• Petia shared the debt motivation has been to give a fundamental way in which the rates will move forward. Based on their understanding of the models they are asked to support or not support a model. She added she wanted everyone to understand their decisions are affecting resident’s lives in significant ways. She added if the residents don’t pay their rent as they are supposed to they would be evicted, but if they pay they can continue to live where they live.

• Anindita asked about understated debt coming back this year.
  o Jana confirmed the debt has been covered by reserves.

Jana asked the committee members to raise their hand if they were voting members. There was a total of 10 including the proxies.

• Petia asked Jana if she or Hemlata was the co-chair.
  o Jana responded she was the co-chair.

• Petia asked if proposal #4 was to be reviewed today (during meeting) or yesterday (at the optional meeting).
  o Jana responded it was to be reviewed during the meeting. HDH shared the proposal in advance so the committee could review it.

• Petia shared she wanted the committee to know that if they didn’t increase rates there would be about a million difference. She proposed a 0% increase this year as they don’t understand the proposals.
  o Joshua seconded

• Bob asked if they understood the financial impact of no rent increase.
  o Petia responded she ran the numbers. She added she felt HDH is able to have some wiggle room.

• Rebecca responded they would like to move forward with the presentation first.
  o Petia asked if discussion needed to take place.
  o Rebecca responded in the past they would discuss first then vote.
  o Melissa discussed the rules.

• Petia stated she has asked for information in the past but hasn’t received the proper information.
  o Jana responded they have presented what they could by the timeline.

Jana asked voting members if they would be able to attend a meeting next Thursday mid-day. Quorum would be meet, at least two staff and three students.

**Presentation:**

• Scenario 4 (takes elements of the first 3) :
  o 3% Rate increase for all existing housing inventory (excl. Mesa Nueva)
  o Existing & New Mesa Nueva residents beginning July 1, 2019, 5% annual rate increase for 1, 2, 3-bedroom units and 6% annual rate increase for studio units
  o Nuevo West and Nuevo East rates reflect adjusted pricing to offset 3% existing inventory increases
  o 3.0%-6.0% directional rate increase for all existing housing inventory & 5.0% for all new inventory for FY22 and FY23 (subject to next Rate Review cycle)

Questions:

• Petia asked for the average rate increase from Mesa Nueva over the next few years with scenario 4.
  o Erwin responded about 20% increase.
  o Anthony confirmed 27.3% once it’s compounded.
  o Petia shared the TA salary would only increase by 3%.

• Melissa asked if it had a grandfather rule.
  o Hemlata clarified all the existing stock except Mesa Nueva.

• Anupam asked what the difference was between scenario 2 and 4.
  o Hemlata responded scenario 2 looked at all existing Mesa Nueva residents being grandfathered.
• Anupam asked if Nuevo East and Nuevo West would be different than Mesa Nueva.
  o Hemlata clarified Mesa Nueva was interest only so they are catching up. All the debt needs to catch up. The deficit is growing and all needs to be paid back.
• Anupam shared something favorable for scenario #2 was it resets the rates.
  o Hemlata confirmed
  o Anthony shared at 5% it would take 15 years for some units to catch up to Nuevo East and Nuevo West.
• Petia asked what would happen if someone called for a closed meeting.
  o Jana explained. She also added the by-laws state they can use Robert’s Rule of Order, but it wasn’t mandatory.
  o Melissa further explained the rules.
• Valerie asked about the growing deficit.
  o Hemlata stated they were talking about the mortgage that equaled deficit.
  o Valerie responded HDH receives income as residents move in.
  o Hemlata responded numbers aren’t matching. When they set Mesa Nueva it was interest rate only so the principle wasn’t accounted.
  o Valerie responded they were told that the discrepancy was paid for.
  o Hemlata responded mortgage needed to be paid every year.
• Joshua asked if all the scenarios were based on maximum occupancy. He also asked if there was a plan for non-occupancy.
  o Erwin responded it was based on 98% occupancy.
  o Joshua stated if the rates weren’t sustainable then it won’t be occupied.
  o Rebecca responded they are maximizing occupancy. She shared it happened in 2008 and a discussion was brought to ARCHAC.
  o Petia asked if it was happening in Mesa Nueva and OMS.
  o Jana responded it’s cyclical.
• Burgundy asked if spaces were filled after the email went out about Mesa Nueva and OMS having vacancies.
  o Jana confirmed
• Anindita asked a hypothetical question about waitlist and occupancy.
  o Hana asked to table the discussion.
• Petia asked about subleasing to undergraduates.
  o Jana shared it was responded by Pierre and Hemlata.

Discussion brought back to the budget discussion.

• Petia asked about total revenues for each of the models.
  o Erwin shared a workbook used in the optional meeting on 3/18/2019
    ▪ Scenario #1: 259 million
    ▪ Scenario #2: 255.9 million
    ▪ Scenario #3: 260.1 million
    ▪ Scenario #4: 254.2 million
  o Petia shared there is a 1.2 million difference.
  o Hemlata responded they still needed to pay it all back.
  o Bob added they are still losing money.
  o Hemlata added they cannot exceed 100 million and it needs to be paid back as it’s not a grant. The scenarios show how close they get to the 100 million.
• Petia asked if rents would go up again after the 5 years.
  o Hemlata confirmed.
• Erwin explained the 10 year deficit and explained the goal to be within the 100 million. He added 4% would be added on top.
• Petia asked why they wanted to pay everything in 10 years.
  o Hemlata responded they are trying to get the revenue to match expenses. Not trying to pay everything in 10 years.
Anupam shared three out of the four go over the 100 million. He asked if they would need to be escalate over time.
  o Hemlata confirmed they would need to go back to adjust.
Anupam shared he felt studios were messing things up. He asked if escalating the studios would resolve issues.
Anindita what was the interest rate on the 100 million and on the new building.
  o Erwin responded about 4%. He added they got 4% or below for the new buildings.
Hana shared the discrepancy between Nuevo East and Nuevo West. She understands the price differences provides options. She asked how it would get students to those communities if it were based on the waitlist. She added the waitlist would increase drastically for the more affordable units.
Petia asked how HDH would deal with a possible deficiency.
  o Hemlata added it would require the committee to review again in two years. The CFO stated the max is 100 million. She added they need to be mindful that as it gets closer to the 100 million ceiling, they will need to take a look at other items such as parking as they still need to make up the money.
Petia shared she felt HDH wouldn’t offer a variety of scenarios if they didn’t know they could pay it off. She asked for cash flow.
  o Hemlata responded the problem would be deferred to the next committee and it would get worse.
Burgundy asked what overruled, the chancellor’s 20 % below market or 100 million.
  o Hemlata responded they both work closely together.

Petia introduced a guest.

Jana took a straw poll. She asked the committee members to raise their placard if they felt they could make a decision today based on the information they had received.
  o Petia shared she was in violation of the by-laws as she didn’t approve the agenda with the other co-chair. She feels they are pushing them to vote.
  o Jana confirmed it was not a vote but a straw poll.
    • Only 2 felt ready.
Jana shared they will schedule a meeting to continue the discussion. It will be the last meeting to meet the deadline. Looking at Thursday 3/28. Her understanding is Gautam would be back. The point of the meeting will be to propose a scenario to move forward with and implement.

Meeting adjourned around 4:04pm. Next meeting will be on 3/28. Location and time to be determined.
Meeting date | time 3/28/2019 12:00 PM
Meeting location: Revelle Conference Room C

**Type of meeting:** ARCH Advisory Committee

**Co-Chairs:**
- Jana Severson
- Gautam Akiwate

**Note taker:** Kimberly Silva

**Attendees:**
- Jana Severson
- Rebecca Otten
- Robert Frazier
- Hemlata Jhaveri
- Hana Haddad
- Anindita Bhattacharya
- Holly Godden
- Jenna Bastear
- Aleena Arakaki
- Marybeth Ward
- Erica Ferrer
- Sophie Hirakis
- Petia Yanchulova Merica-Jones
- Burgundy Fletcher
- Anupam Garg
- Sarah Law (guest)
- Melisa Cohen – Temporary Co-Chair for Gautam Akiwate
- Valerie Saiag /Joshua Stacy (Proxy to Burgundy Fletcher)
- 11 observers

**AGENDA**

Meeting began at 12:03PM with Introductions

Agenda items:
- Approval of Agenda
- Comments (ARCHAC Members)
- HDH Scenarios
- Other Scenarios
- Discussion and Up or down vote on each scenario
Approval of Agenda

- Melisa will be the meeting timer
- Anupam motioned to put a proposal on the agenda for a revenue sharing model that would ensure excess rents collected on top of debt for Rita and SGA be applied to Grad Housing
  - Jenna seconded the motion
    - Vote: 9- approve 0- deny 1- abstain
    - Decision: approved
- Anindita motioned to put a proposal on agenda for a 3-4% rent increase scenario
  - Burgundy seconded the motion
    - Vote: 10- approve 0- deny 0- abstain
    - Decision: approved
- Jenna requested that votes be anonymously recorded in the minutes
  - Jana confirmed votes are only recorded by count
- Petia motioned to provide supplemental slides for the other scenarios portion of the agenda
  - Burgundy seconded the motion
- Aleena requested to read a statement from GSA officers during the comments portion of the agenda

Comments

- Melisa informed the committee that each speaker will have 30 seconds
- Aleena read a letter from GSA officers. This letter will be sent to the committee electronically.
  - The letter noted that officers of GSA reject the lack of transparency by HDH and pledge to continue to work for affordable housing for graduate students. An official statement from the GSA regarding the rate increase is forthcoming.
- Marybeth asked who was responsible for having emails sent to every member of the Committee. She works full time, and felt that being included in these emails was inconsiderate.
  - Petia responded that as ARCHAC member it is their duty to inform students of proposals, whether they live on or off campus.
  - Students should be encouraged to contact representatives.
  - The emails included real comments that students have taken time to write.
  - A group made it easy for students to contact reps.
- Erica shared the results of a survey that was sent to SIO students.
  - 8 responses - most live in old mesa.
  - 7 out of 8 were opposed to 5% increase for this year and most opposed to an increase for multiple years.
  - Most were aware that HDH is auxiliary department and felt that UCSD, Regents, or State of California should give more money.
- Anindita wanted to clarify that the Committee is only voting for a rent increase for one year only.
- Anindita motioned to vote on rates for just one year
  - Seconded by _____
    - Vote: 10- approve 0- deny 0- abstain
    - Decision: approved
- Burgundy requested that Erica share SIO feedback with the Committee

HDH Scenarios

- Hemlata recapped the scenarios that have already presented.
  - Scenario 5
    - Modified version of other scenarios
    - 3.5% increase for existing inventory and a reset of MN Studios
  - Scenario 1
- 6% increase for Mesa Nueva
- 5% increase across all other inventory

**Scenario 2**
- Addresses older inventory taking brunt for new construction cost, allocated more to new construction
  - 3% increase for existing Mesa Nueva residents
  - 6% increase for new Mesa Nueva residents.
- Petia asked when new construction would be completed
  - Hemlata confirmed Nuevo West online spring 2020, East summer 2020
    - Petia noted that scenario 1 is listed incorrectly
    - Anupam asked why the Rita bed rate for FY20 was not reflected
      - Rebecca noted that Rita rates were not factored in due to plan to remove Rita
      - Hemlata confirmed that while bedroom rate was not listed, the unit rate is correct
- Sophie asked what anticipated number of beds is for the new communities
  - Hemlata will provide specific details later,
  - Roughly 2100 bed spaces for both communities
- Petia asked for revenue proposals
  - Hemlata noted that information was shared in previous meetings

**Scenario 3**
- 3% increase for existing inventory
- Reviewed studios, isolated as a driver of cost 6% for 19-20, 21 rate correction just for studio
  - Allow for Mesa Nueva rates to go down as a whole
- Anupam stated he was under the impression that it is not possible to legally set different rates for residents residing in the same units.
  - Hemlata will double check, and mentioned this is how it is done on the outside.
  - Rebecca added that when North Mesa relocation rates were discussed, she contacted campus council and was advised about having different rates for same unit type. It is not illegal, but it is not advised by campus council

**Scenario 4**
- Combined scenarios, existing inventory at 3%, except Mesa Nueva adjustment
  - Majority of debt is there - 6% for studios

**Scenario summary**
- HDH has to match revenue to expense.
- Debt is part of expenses - projected to be in a deficit and currently in a deficit.
- Projected loan from campus with debt ceiling of 100 million
- HDH has 10 years to determine how to get out of deficit and get on track to be in black
- HDH is not trying to pay off buildings any earlier, still 35 year loan, just working to get back on track
- HDH will have the line of credit starting July of new fiscal year.
  - Interest rate of loan will get built into future debts
- Anindita mentioned she tried to redo scenarios and was not able to reconcile discrepancy in numbers.
- Petia asked a question about the deficit

**Other Scenarios**
- Sophie asked if there were any proposals to keep SGA and Rita
  - There are not
- 0% scenario
  - Petia presented a proposal to keep the current rent rates.
  - Supported by hundreds of emails and a petition with almost 500 signatures
o Petia stated there is Insufficient data to make a decision today and the best thing to do is not to increase rent.
  ▪ Cannot see cash flows, debt, credit, etc.
o Petia explained that the total deficit between the presented scenarios compared to a 0$ increase is negligible.
  ▪ All proposals show fluctuation of 2.6 million dollars
o Petia mentioned it would be controversial to have different rates
o Petia shared that last year’s Coast rates were presented in this year’s scenarios. The management this year presented incorrect numbers
o Petia asked how could the deficit be paid off – with reserves or line of credit from Chancellor?
o Petia states students are not to be bargained with
o Petia stated that without correct data the committee cannot support another proposal
• Anupam presented a proposal to reallocate revenue from Rita and SGA to help subsidize rent for the other GFH communities.
  o When Rita and SGA become undergrad communities, any excess revenue should be applied to GFH debt and expenses
  ▪ Essentially a revenue sharing mode
  o Sophie asked Rebecca and Bob to clarify what happened with LJDS last year.
  ▪ LJDS reserves were used to help with budget for this year
  o Burgundy asked is it was already stated that this would not happen
  ▪ Hemlata shared that the Undergrad budget goes to Undergrad and the LJDS budget goes to LJDS
  ▪ Anupam stated he is proposing to alter that

• Anindita presented a proposal that closely tracks scenario 4.
  o 4% at Mesa Nueva, everywhere else would increase by 3%
• Erica stated that the GSA has built name off assuming best intentions by administration. She feels that a rate increase equal to TA increase shows that administration are working with students.
  o Sophie added students cannot pay more than they are paid
• Aleena stated that if there is a high rent increase, HDH is supporting only STEM students in housing.
• Petia has a letter signed by some members of ARCHAC expressing a desire to spend future meetings discussing ways to work with students.
• Marybeth stated she is having trouble understanding rate differences of communities. The current Rita rate is affordable
• Anindita asked how will HDH deal with fallout. She expressed that HDH should agree not to give any more properties to Undergrads and not give extensions as is being done under current practice.

Discussion
• Up or Down Vote on each Scenario
  o Each person can choose to vote for each scenario
• Sophie motioned to include formal vote of committee and also a vote of room
  o Marybeth seconded the motion
  ▪ Approved
• Scenario 1
  o Committee: 2- approve 8- deny 0- abstain
  o Room: 0- approve 13- deny 0- abstain

• Scenario 2
  o Hanna provided a summary of the scenario
Sophie stated as a point of privilege that a rate increase of about 5% and under is typical - in line with what we are seeing in this scenario.

Petia asked why the ten year deficit is important more so than two year deficit.

- Hemlata stated this has to do with the loan. There are no reserves – Grad housing budget never put money in reserves.

Committee: 0- approve 10- deny 0- abstain
Room: 0- approve 9- deny 3- abstain

- Scenario 3
  - Hanna provided a summary of the scenario
  - Sophie stated she will be moving to LJDS, getting paid $4000 per month and is planning to pay $1000
  - Petia asked for clarification about deficit totals
  - Committee: 1- approve 9- deny 0- abstain
  - Room: 0- approve 11- deny 0-abstain

- Scenario 4
  - Hanna provided a summary of the scenario
  - Mel read a statement for Valerie who was not able to attend the meeting
    - An increase in rent would only be going to HDH pockets. There is no desirable outcome, students should be asking for a rent reduction, under duress and with thinly veiled threats, and with no better option, voting for option 4.
  - Committee: 1- approve 9- deny 0- abstain
  - Room: 0- approve 5- deny 4- abstain

- Scenario 5
  - Hanna provided a summary of the scenario
  - Anupam shared that about of the people he talked to would choose this one if they had to - plans to abstain.
  - Anindita – reiterated Sophie’s point about income compared to rates
  - Petia stated that they cannot ignore that incoming residents will know about this, may impact vacancy. Plans to share rate differences with new incoming students.
  - Sophie shared that there are plans to go to media with these rate discussions.
  - Hosam (observer) shared that going to the media should not be seen as a threat, but as the right of the public to know how university is being run.
  - Petia stated the media is in this room
    - Jana stated that she does not feel it is a threat.
  - Andy (observer) asked about the plan for increase of expenses to salary 5 million.
    - Hemlata shared that most of the staff is covered, increase in costs will cover office staff and planned addition of staff
  - Committee: 3- approve 6- deny 1- abstain
  - Room: 1- approve 6- deny 6- abstain

*** Two members had to leave for meeting, still have quorum***

- Alternate Scenarios
- 0%
  - Petia read emails that were sent to committee from petition, makes financial sense
  - Hanna state that no increase this year means that future students would have to pay a higher rate of increase
Burgundy shared that she partially represents students who already cannot afford to be here. It is not just rent, it is rent, tuition. Campus is already too expensive. She Know students across all departments who cannot be supported by stipends.

Anindita stated that with the deficits we are looking at, none of the proposals are any better than any other one. With this scenario, the deficit may be the largest, but the by an insignificant amount, given the numbers presented may be incorrect

Petia reiterated the difference between rates is insignificant. Shared her bank account is small.

Anupam shared that the overwhelming concern from students is that bad planning has been done. There is a fear the Committee is contributing to bad planning by not increasing. He asked what information are we lacking that would tell us that this is the move. Staff salaries are increasing whether rent is increased or not

Anindita said it is not just we have to get paradigm that student rent has to pay for bad planning and debt that has been racked up. There has to be more creative ways to solve this problem. Trolley will cause decrease is housing. Policy that rent will be lower than market will not be a valid argument anymore

Hosam (observer) said that if leadership thinks that revenue cannot come from campus, they need to get louder towards campus to get that revenue.

Aleena shared that the members that left the meeting early support this proposal

Sophie said that the Chancellors need to be in room so that they can hear these concerns. Dynamics will change in a few years, but we cannot wait for adjustments in the future because there are so many issues facing students. When rates and housing is gentrified HDH is breaking up the community.

Burgundy stated that even with understanding financials, she supports 0%. She wants to include Anupam’s proposal in to this program

Burgundy motion to include Anupam’s scenario into 0%

- Hanna noted that Anupam motion would not be valid until next fiscal year.
  - Motion rescinded

Committee: 6- approve 0- deny 2- abstain
Room: 10- approve 1- deny 1-abstain

Scenario 7

Anindita summarized the proposal she previously presented.

Anupam stated that this it is scenario 1, but 2% lower

He asked why was Mesa Nueva set higher than the rest?

- Sophie noted, Mesa Nueva is newer, it has a pool, pub

Petia asked how much better is Mesa Nueva getting compared to other communities

Sophie asked if there are other sources of revenue - Has housing looked into ability to get revenue from existing housing such as temporary subleases.

- Hemlata explained that undergrads have a nine month contract. HDH works with conference groups for the other 3 months.
- Sophie clarified that she meant that HDH should manage subleases in office and charge more for subleases.
  - Hemlata said that would add more cost to clean units in that case

Hosam(observer) asked if the amount of money coming from revenue and rent equal to 0 - Is all housing money in housing, or does it go to other parts of campus

- Hemlata said that some money does to indirect services as they apply to housing community

Andy (observer) – asked if it was considered to double up rooms?

- Jana responded that it is currently permissible, but rarely offer is taken up on
Committee: 2- approve 5- deny 1- abstain
Room: 6- approve 2- deny 4- abstain

Scenario 8
- Anupam summarized the proposal he previously presented.
- Anindita stated that this will not take place this year
- Petia asked if when undergrads live at Rita, would there be a negative cash outflow.
  - Hemlata stated that the amount will be close to paying off Rita debt
- Anupam confirmed rates will be similar to current undergrad campus rates - about $900 per month per person per bed
- Committee: 7- approve 0- deny 1-abstain
- Room: 11- approve 0- deny 0- abstain

Meeting adjourned around 1:33pm. Next meeting to be scheduled.