

State University System Housing Analysis Summary

1. What kind of market analysis is done by universities when evaluating university housing rental rates?

A survey is conducted by each university to come up with a fair price to set for on campus housing. Many of the universities in the SUS compare their prices to nearby off campus apartments. However, some universities, such as FSU and UF, find comparing their on campus housing options to off campus apartments is not reasonable when taking amenities and facility type into consideration. Other universities, such as FPU and NCF, are located in smaller areas so off campus housing is not an alternative. A majority of the universities in the SUS indicated their goal in the market analysis was to minimize their debt as well as make the on campus housing affordable and a better option for students. Surveys are administered every year by the universities in order to keep up to date with the market.

2. What amount and kind of reserves are maintained by housing operations?

Operating cash amounts vary throughout the year as housing rents are received, and debt payments, capital improvement, deferred maintenance projects, and other operational expenses are paid. The amount of operating expenditures and operating reserves varies for each of the universities in the SUS. For instance, UCF has maintained renewal and replacement reserves equal to 30% of their annual operating rental revenue, while FAU has reserved 2-3% of their revenue for major equipment replacement.

3. What is the intent of the reserves?

Reserves are maintained to ensure the university is able to meet debt service requirements. Operating cash is primarily preserved as part of a good business practice to address unforeseen major expenses within the residential community and to provide funding for planned major repairs and renovations. FSU has placed operating cash available in the case of an emergency, such as a natural disaster that closes the campus for a period of time, or major equipment replacement and hall renovations. The higher levels of reserves are viewed favorably by the rating agencies.

4. How are housing reserves being used?

Operating cash is used to cover bond payments, capital improvement projects, payroll, deferred maintenance, utilities, and other operational expenses. The operating cash balance will decrease when these expenses are made and increase when rental income is deposited, deferred rent is

due, or when financial aid funds are received. These are all large infusions of cash.

5. Are the reserves ever used for non-housing related purposes? If so, what purposes?

All of the universities have answered no.