



Student Housing Services

2016/2017 Budget

Prepared for the Finance Committee of the Board of Governors

4/7/2016

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STUDENT HOUSING SERVICES 2016/2017 BUDGET

Introduction

Student Housing Services (SHS) manages a residence system that provides on campus accommodation to approximately 4800 students. SHS maintains oversight of nine buildings that range in capacity from 50 to approximately 1800 primarily undergraduate students. Additionally, SHS operates two family housing complexes that provide accommodation to 296 families and 110 upper year students.

Student Housing Services adds significant value to the student experience on campus through personal, emotional and academic support provided by residence life staff and through active residence life programming. As an ancillary operation, SHS must generate its own revenue to fully cover the cost of operations. Costs include debt servicing, renovations, custodial services, utilities, security, administration, and the general support and supervision of the residence students. A significant portion of the unit's expenditure budget (approximately 43% in 2016/2017) is allocated for capital financing and major renovations reflecting the capital-intensive nature of operations.

Student Housing Services supports University recruitment efforts by maintaining an entering student guarantee. As such, 80% of available inventory is held for this purpose. The remaining 20% is offered to current students who wish to return to residence the following year. SHS has experienced a significant decline in the number of re-applications to residence due largely to the availability of off campus accommodation. A new competitive threat is emerging with the increase of purpose built luxury student accommodation located within walking distance of the University.

In preparing the attached 2016/2017 budget, SHS goals were to:

- continue to enhance the marketability of our residence halls and accommodation to better support the overall campus recruitment of students and the changing needs of the students;
- install wireless internet (Wi-Fi) throughout all residence buildings;
- continue to implement capital projects, with no new debt financing, consistent with the Five Year Capital Financing Plan which is designed to address deferred maintenance, aesthetic renewal, and security;
- contain cost increases to students to support accessibility

Consultation Process

Student Housing Services engages in an annual consultation process with Interhall Council (IHC), the residence student government. Interhall Council representatives were involved in discussions that outlined the departmental goals for the budget, capital expenditures, current operating budget and forecasts, future initiatives in SHS, research related to fee structures at other universities and establishing the proposed residence fees. In addition, SHS presented the complete budget to the full Interhall Council on February 29th, 2016. The students have consistently demonstrated an understanding of budgeting principles, challenges facing SHS, and the need for long-term perspectives. Their significant contributions and support of the budget presented herein are sincerely appreciated.

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Facilities Improvements

Student Housing Services, through Physical Resources, completed a preliminary facilities review of all buildings in 2003, which was used as the starting point to develop the Five Year Capital Financing Plan. Student Housing Services also uses VFA software for building assessment. Costs incurred during the first five year period between 2006/2007 and 2010/2011 were \$35.237 million, with another \$46.434 million identified over the next five year period between 2011/2012 and 2015/2016. Costs are incurred in three major areas:

Deferred Maintenance - major work completed prior to 2016/2017 includes mechanical, electrical, exterior, and roof repairs to every residence building, with major work in Lennox-Addington (approximately 50% of costs), South (approximately 20% of costs), and Lambton (approximately 15% of costs).

Aesthetic Improvements – these improvements are particularly important with respect to recruitment in an increasingly competitive environment, as well as for attracting returning students back to residence. Major work completed prior to 2016/2017 includes interior common area improvements (lobbies, washrooms, kitchens, lounges, corridors, etc.) in all residence buildings, as well as complete interior renovations and new furniture in most residences.

Lambton Hall Interior Project – all major work was completed in 2015/2016, with minor deficiencies to be completed in 2016/2017.

Table D identifies the planned capital projects for the summer of 2016 totaling \$8.919 million. This represents a significant investment in our residence system that is critical for our recruitment efforts.

2015/2016 – Forecast Compared to Budget (refer to Table A)

The forecasted change in Fund Balance for 2015/2016 is a net decrease of \$(0.556) million, compared to the budgeted \$(3.279) million decrease.

The 2015/2016 SHS budget was prepared using a conservative occupancy estimate of 91.5% for Student Contract revenue, whereas actual occupancy is forecasted to be approximately 95.5%.

For explanations of all material variances to budget, see footnotes on Table A.

2016/2017 Budget Assumptions

Proposed Fees:

It is proposed that 2016/2017 single student residence fees increase by 2.0% across the board. These proposed rate increases maintain Guelph's position in the mid-range or lower, when compared to the residence fees of nine other Ontario universities (refer to Appendix B).

Details of residence fees per semester are shown on Table E. These increases are expected to accommodate cost increases in SHS and the funding requirement for facility renewal as we continue to implement the Five Year Capital Financing Plan. A major addition to the plan is the installation of a Wi-Fi internet network in all residence buildings.

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Family Housing rent increases are governed by the Residential Tenancies Act and will increase this year by the allowable 2.0%. 35 three-bedroom townhouses and five one-bedroom units are available for upper year single students. (See Fees in Table E). Appendix A contains comparisons of estimated off-campus rental costs and the vacancy rates in the city.

Other Assumptions:

In constructing the 2016/2017 SHS budget the following major assumptions were made:

1. Average occupancy rates (during the fall/winter semesters) of 93.5% in single student residences and 93% annually in family housing. The single student occupancy rate is set conservatively below the 2015/2016 forecast of 95.5%.
2. Personnel increases are consistent with University budget assumption guidelines.
3. Provision for renovations of \$8.919 million (refer to Table D) with major projects being the installation of Wi-Fi in all residence buildings, the 3rd and final phase of exterior stair and metal roof replacement at 78 College Avenue, and design fees for the South residence exterior project. In addition, there are many smaller deferred maintenance and aesthetic renewal projects in various residence buildings, consistent with the Five Year Capital Financing Plan.
4. Costs for centrally provided services have increased by 2%.

Closing Fund Balance – 2016/2017 Budget

The budget presented here will produce a Closing Fund Balance of \$1.818 million at April 30, 2017 (refer to Table B).

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Table A: 2015/2016 Forecast to Budget Comparison

Table A

University of Guelph
Student Housing Services
2015/2016 Forecast To Budget Comparison
In Thousands \$

	2015/2016 Forecast		2015/2016 Budget		Variance
Revenue					
Student Contracts ¹	28,724	85%	27,433	85%	1,291
Family Housing	4,033	12%	4,033	12%	0
Other sources	1,097	3%	998	3%	99
Total Revenue	33,854	100%	32,464	100%	1,390
Expenses					
Personnel	5,645	17%	5,715	18%	70
Institutional Charges	4,879	14%	4,879	15%	0
Custodial Charges	2,796	8%	2,804	9%	8
Operating ²	4,285	13%	4,798	15%	513
Travel	24	0%	28	0%	4
Renovations ³	7,700	23%	8,709	27%	1,009
Debt Servicing - external ⁴	7,182	21%	7,656	24%	474
Net Transfer (includes Internal Loans) ⁴	1,899	6%	1,154	4%	(745)
Total Expenses	34,410	102%	35,743	110%	1,333
Increase (Decrease) in Fund Balance	(556)	-2%	(3,279)	-10%	2,723
Fund Balance - Opening	4,215		4,215		0
Fund Balance - Closing ⁵	3,659		936		2,723

¹ Student Contract revenue was budgeted using an occupancy rate of 93% fall and 90% for winter. Actual fall occupancy was 98%, with a forecast of 93% for winter occupancy, resulting in a positive variance of \$1.291 million.

² Costs for replacing perimeter cameras were lower than expected, and furniture and equipment budgets were underspent resulting in a \$0.513 million positive Operating expense variance.

³ The \$1.009 million positive Renovations expense variance is created by two projects. Approximately \$0.640 million relates to the major Lambton Hall interior project, which was budgeted over a three year period, with timing differences each year between budgeted and actual costs. The overall project remains on budget. A \$0.400 million East residence exterior project was also deferred to 2016/2017, after initial testing and scope adjustment.

⁴ A net negative \$(0.271) million variance between Debt Servicing - external and Net Transfers is the result of the refinancing of \$2.267 million in external debt for South Residence to internal financing at more favorable rates and an accelerated repayment period.

⁵ Fund Balances include only Unappropriated Balances.

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Table B: 2016/2017 Operating Budget

Table B

University of Guelph Student Housing Services 2016/2017 Operating Budget In Thousands \$						
	2014/2015 Actual		2015/2016 Forecast		2016/2017 Budget	
Revenue						
Student Contracts	27,992	84%	28,724	85%	28,574	85%
Family Housing	4,018	12%	4,033	12%	4,083	12%
Other Sources	<u>1,325</u>	<u>4%</u>	<u>1,097</u>	<u>3%</u>	<u>1,008</u>	<u>3%</u>
Total Revenue	<u>33,335</u>	<u>100%</u>	<u>33,854</u>	<u>100%</u>	<u>33,665</u>	<u>100%</u>
Expenses						
Personnel	5,373	16%	5,645	17%	5,944	18%
Institutional Charges	4,783	14%	4,879	14%	4,976	15%
Custodial Charges	2,749	8%	2,796	8%	2,846	8%
Operating	4,532	14%	4,285	13%	4,361	13%
Travel	35	0%	24	0%	33	0%
Renovations	10,862	33%	7,700	23%	8,919	26%
Debt Servicing - external	7,312	22%	7,182	21%	6,500	19%
Net Transfer (see Table C)	<u>821</u>	<u>2%</u>	<u>1,899</u>	<u>6%</u>	<u>1,927</u>	<u>6%</u>
Total Expenses	<u>36,467</u>	<u>109%</u>	<u>34,410</u>	<u>102%</u>	<u>35,506</u>	<u>105%</u>
Increase (Decrease) in Fund Balance	<u>(3,132)</u>	<u>-9%</u>	<u>(556)</u>	<u>-2%</u>	<u>(1,841)</u>	<u>-5%</u>
Fund Balance - Opening	<u>7,347</u>		<u>4,215</u>		<u>3,659</u>	
Fund Balance - Closing *	<u>4,215</u>		<u>3,659</u>		<u>1,818</u>	

* Fund Balances include only Unappropriated Balances.

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Table C: 2016/2017 Net Transfers

Table C

University of Guelph
Student Housing Services
2016/2017 Net Transfers
in Thousands \$

	<u>Actual</u> <u>2014/2015</u>	<u>Forecast</u> <u>2015/2016</u>	<u>Budget</u> <u>2016/2017</u>
<u>Summary:</u>			
Internal Loans (Principal and Interest):			
<u>Facility</u>	<u>End Date</u>		
Lennox-Addington Mortgage	2021	195	192
Wellington Woods Mortgage	2021	144	142
Lambton Hall Internal Loan	2025	12	144
South Residence Internal Loan	2018		607
Total Internal Financing Loans	351	1,084	1,112
<u>Other Transfers:</u>			
Interest Paid on Interfund Balances		61	
Sale of 11 College Avenue		(142)	
Macdonald Hall Transfer to CBE		(125)	
Multi-Year Plan Two (MYP2) Budget Reduction Target		150	290
Multi-Year Plan One (MYP1) Budget Reduction Target		525	525
Net Transfers	821	1,899	1,927

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Table D: 2016/2017 Planned Capital Projects

Table D

University of Guelph
Student Housing Services
2016/2017 Planned Capital Projects
in Thousands \$

Building	Project	Budgeted Project Cost
South	Exterior Wall System Design & Contract	1,100
	Exterior Stair Settlement	100
	Replace Broken Bulletin Boards/Remove Wall Clips	100
	City Water Feeds	100
	Other Mechanical & Electrical	105
Lambton	Replace Roof System	350
Maids	Water Heater	70
Watson	Water Heater	70
	Handrails & Guards	10
Johnston	HVAC Exhaust/Ductwork	480
Lennox-Addington	Interior Stairs	200
East	Replace Concrete Window Sills	250
East Village	Roof Shingle Replacement	425
	EFIS Repairs	15
Family Housing	78 College Avenue - Stair & Metal Roof Replacement	1,300
	78 College Avenue - Balcony & Masonry Repairs	50
	78 College Avenue - Handrail Repair - Unit 56	2
	Wellington Woods - Paint Exterior	60
	Wellington Woods - Balcony Repairs	32
	Paving Around Catchbasins	100
	Miscellaneous Renovations	25
Multiple Residences	Residence Wifi Project	3,500
	2017/2018 Design Fees & VFA for Maids, Mills, & Watson	320
	Miscellaneous Painting	125
	Grad House Renovations	20
	Vermiculite Removal	10
Total Capital Projects		8,919
Amount to be Financed - Board Approved Limit for 2016/17		-
Total in 16/17 Budget		8,919

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Table E: 2016/2017 Proposed Fees

Table E

University of Guelph
Student Housing Services
2016/2017 Proposed Fees
Rounded to Nearest Dollar

		<u>Actual 2015/2016</u>	<u>Proposed Fee 2016/2017</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>SINGLE STUDENT (per semester) *</u>					
North/South	Double	2,928	2,987	59	2.0%
	Single	3,422	3,490	68	2.0%
East	Double	3,173	3,236	63	2.0%
	Single	3,574	3,645	71	2.0%
East Village	Single	3,881	3,959	78	2.0%
Lambton	Suite	3,474	3,543	69	2.0%
West Residence					
	78 College Avenue 1-bdrm	4,099	4,181	82	2.0%
	78 College Avenue 3-bdrm	3,320	3,386	66	2.0%
Grad House	Single	2,969	3,029	59	2.0%
<u>FAMILY (per month)</u>					
(a)	Wellington Woods	1,104	1,127	22	2.0%
(b) 78 College Avenue					
	1 Bedroom Apartment - 660 SQ. ft	901	919	18	2.0%
	1 Bedroom Apartment - 715 SQ. ft	949	968	19	2.0%
	1 Bedroom Apartment - 777 SQ. ft	955	974	19	2.0%
	2 Bedroom Apartment	1,048	1,069	21	2.0%
	Townhouse	1,104	1,127	22	2.0%

* Effective 2015/2016, in addition to the residence fees shown above, an annual \$50 non-refundable charge will be placed on each student's account for a pre-loaded laundry swipecard.

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Appendix A: Comparison of On/Off Campus Accommodation Rates

Appendix A

University of Guelph
Student Housing Services
Comparison of On/Off Campus Accommodation Rates
Rounded to Nearest Dollar

	<u>Off-Campus</u>	<u>Notes</u>	<u>On-Campus</u>	<u>Notes</u>
<u>SINGLE STUDENT</u>				
There is a great variation in off-campus accommodation. There is also a great variation in cost. The costs reported under Off Campus are "typical" or average costs per room per month.				
Single Room in private home	425-525	#1	N/S single	873
Shared Apartment	400-500	#1 #2	East Single	911
Shared House/Suite	375-500	#2	Townhouse	990
<u>FAMILY</u>				
1 Bedroom Apartment	600-950		901 - 955	
2 Bedroom Apartment/Townhouse	700-1100		1,048 - 1,104	
<u>OFF CAMPUS VACANCY RATE (for Guelph as per CMHC)</u>				
October 2010	3.40%			
October 2011	1.10%			
October 2012	1.40%			
October 2013	1.90%			
October 2014	1.20%			
October 2015	1.10%			

#1 Most students must sign a 12 month lease for off-campus accommodation - ability to sublet during the summer months varies

#2 Most rents for shared apartments & houses do not include utilities

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Appendix B: Annual Single Student Residence Rate Comparison

Appendix B

University of Guelph
Student Housing Services
Annual Single Student Residence Rate Comparison
Rounded to Nearest Whole Dollar

		DOUBLE ROOM					
		2015-2016		2016-2017		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	7,356		1	UC - U of Toronto	7,540	2.5%
2	Queen's	7,075		2	Queen's	7,323	3.5%
3	Wilfrid Laurier	6,999		3	Wilfrid Laurier	7,209	3.0%
4	Western	6,660		4	Western	6,880	3.3%
5	McMaster	6,044		5	McMaster	6,129	1.4%
6	GUELPH	5,856		6	GUELPH	5,973	2.0%
7	Windsor	5,761		7	Windsor	5,876	2.0%
8	Waterloo	5,347		8	Waterloo	5,534	3.5%
9	Carleton	5,209		9	Carleton	5,365	3.0%
10	York	5,166		10	York	5,356	3.7%

		SINGLE ROOM					
		2015-2016		2016-2017		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	7,682		1	UC - U of Toronto	7,989	4.0%
2	Western	7,440		2	Western	7,690	3.4%
3	Queen's	7,192		3	Queen's	7,444	3.5%
4	Wilfrid Laurier	6,999		4	Wilfrid Laurier	7,209	3.0%
5	Windsor	6,927		5	Windsor	7,066	2.0%
6	McMaster	6,885		6	McMaster	7,005	1.7%
7	GUELPH	6,844		7	GUELPH	6,981	2.0%
8	Carleton	6,306		8	Carleton	6,495	3.0%
9	Waterloo	5,961		9	Waterloo	6,170	3.5%
10	York	5,934		10	York	6,153	3.7%

		SUITE/APARTMENT/TOWNHOUSE - 4 bedroom					
		2015-2016		2016-2017		% Increase	
Ranking				Ranking			
1	Western	9,200		1	Western	9,600	4.3%
2	McMaster	8,310		2	UT - Scarborough	8,776	6.0%
3	UT - Scarborough	8,279		3	McMaster	8,465	1.9%
4	GUELPH	7,762		4	Carleton	7,984	3.0%
5	Carleton	7,751		5	GUELPH	7,917	2.0%
6	Queen's	7,625		6	Queen's	7,892	3.5%
7	Wilfrid Laurier	7,498		7	Wilfrid Laurier	7,723	3.0%
8	Windsor	7,362		8	Windsor	7,509	2.0%
9	York	7,211		9	York	7,479	3.7%
10	Waterloo	7,115		10	Waterloo	7,364	3.5%