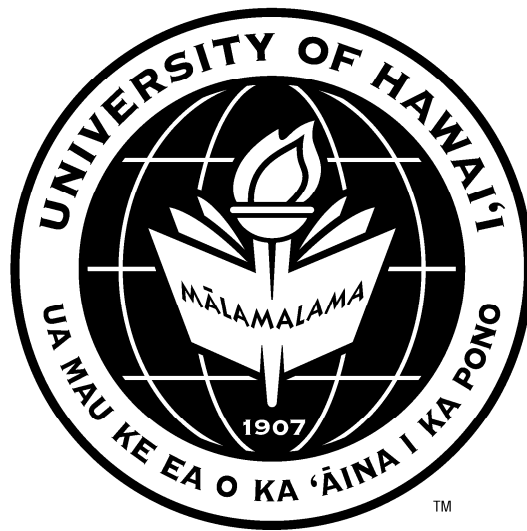


UNIVERSITY OF HAWAI‘I SYSTEM REPORT



REPORT TO THE 2025 LEGISLATURE

Report on Comprehensive Plan to Address Student and Faculty Housing
Facility Needs on the Mānoa Campus

SCR 143 SD1 (2024)

December 2024

**Report to the 2025 Hawai'i State Legislature
Pursuant to Senate Concurrent Resolution 143, SD1 (2024)**

Senate Concurrent Resolution 143, SD1 (SCR 143), which was adopted by the State Legislature in 2024, requested the University of Hawai'i to develop a comprehensive plan to address student and faculty housing facility needs at the Mānoa Campus. This report is submitted in conformance with SCR 143; however, business models, operational plans and capital project financing options are still being refined at this time.

In Fall 2024, the University of Hawai'i at Manoa (UHM) experienced another record-breaking enrollment semester with a headcount of 20,000+ students. With this demand, the campus has also had to expand its faculty and staff to support this growth. An integral part of delivering a holistic higher educational experience, is providing affordable housing for students, faculty, and staff.

The University Housing Program, formally known as Faculty Housing, provides a variety of housing options to Faculty and Staff employed by a campus on the island of O'ahu including UHM. The program oversees the management of over 200,000 gross square feet of residential space that spans three (3) properties and 237 total housing units.

UHM also has a Student Housing Services (SHS) program that primarily supports undergraduate students. SHS manages over 1.2 million gross square feet (gsf) of residential facilities. The total revenue bed count as of December 1, 2024 was 3,128 and the cumulative occupancy rate across buildings was 97%. A breakdown illustrating the number of revenue generating beds and occupancy rates at each respective building is summarized in Table 1 below.

Table 1 – Student Housing Revenue Beds & Occupancy Rates as of December 1, 2024

BUILDING	RESIDENT COUNT	REVENUE BED COUNT	OCCUPANCY (%)
ANUENUE	41	42	98%
FREAR	740	747	99%
GATEWAY	203	210	97%
KAHAWAI	142	154	92%
LAULIMA	148	155	95%
WAINANI	573	596	96%
ILIMA	251	260	97%
JOHNSON	180	184	98%
LEHUA	256	260	98%
LOKELANI	258	260	99%
MOKIHANA	256	260	98%
TOTAL	3048	3128	97%

Of the 3,048 student residents, 48% were freshmen and 52% were non-freshmen; and 37% were in-state residents, 58% were out-of-state residents, and 5% hailed from international locations.

Over the last eighteen months, UHM focused its efforts on developing a 7-year Capital Improvement Projects (CIP) Plan that preserved the current bed inventory count by maintaining

and improving the facilities that are currently in-service. As Hale Noelani is currently out of service, it is not included in the student housing 7-year CIP Plan and redevelopment options are being evaluated as a separate, concurrent effort.

Key facility representatives evaluated the condition of various building systems and sub-systems to inform the scope and sequencing of improvements needed to extend the useful life of residential buildings by an additional thirty to forty years. The specific building systems and sub-systems include:

- Roof
- Windows
- Foundation
- Interior Furniture
- Appliances
- Interior Walls & Ceilings
- Flooring
- Door Hardware
- Casework
- Interior Lighting
- Appliances
- Elevators
- Plumbing Fixtures
- Plumbing Infrastructure & Equipment
- Electrical Infrastructure & Equipment
- Fire Detection, Alarms & Controls
- Fire Sprinklers
- HVAC Controls
- HVAC Equipment
- HVAC Distribution
- Trash Chutes
- Exterior Walls, Stairways & Lanais
- Exterior Lighting
- Exterior Furniture
- Landscaping
- Sidewalks & Structures

Based on this evaluation, a comprehensive 7-year CIP plan was developed to inform the anticipated timing and estimated cost of necessary capital improvements. The cumulative investment anticipated in each building, in each fiscal year, is summarized in Table 2 below.

Table 2 – Student Housing Seven-Year Major Capital Improvement Plan (FY25 – FY31)

	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	Cumulative Projection
Facility Wide	\$3,000,000	\$9,500,000	\$20,000,000	\$20,000,000	\$22,515,000	\$0	\$0	\$75,015,000
Frear Hall	\$1,000,000	\$500,000	\$4,500,000	\$750,000	\$3,690,000	\$5,500,000	\$0	\$15,940,000
Gateway House	\$0	\$0	\$1,000,000	\$1,000,000	\$9,960,000	\$6,140,000	\$0	\$18,100,000
Hale Aloha Towers	\$9,200,000	\$6,000,000	\$0	\$0	\$420,000	\$3,000,000	\$5,500,000	\$24,120,000
Hale Anuenue	\$0	\$0	\$0	\$320,000	\$2,000,000	\$0	\$0	\$2,320,000
Hale Kahawai / Laulima	\$0	\$0	\$500,000	\$6,000,000	\$400,000	\$8,950,000	\$27,000,000	\$42,850,000
Hale Wainani	\$5,000,000	\$45,500,000	\$31,000,000	\$29,500,000	\$3,500,000	\$30,000,000	\$28,000,000	\$172,500,000
Johnson Hall	\$3,000,000	\$0	\$0	\$200,000	\$7,800,000	\$0	\$0	\$11,000,000
Total	\$21,200,000	\$61,500,000	\$57,000,000	\$57,770,000	\$50,285,000	\$53,590,000	\$60,500,000	\$361,845,000

Various financing models to support the 7-Year CIP Plan were evaluated. For example, if the 7-year CIP Plan were fully funded by the legislature as a general bond obligation appropriation, then there would be no direct impact on rental rates to support the projects. However, if the 7-year CIP

Plan were fully funded by the issuance of revenue bonds by the University of Hawai'i, then the total cost of net new debt service would be passed onto the rate payers (i.e., student residents) for 30 years. In the alternative, the University also considered a blend of legislative appropriations and University-issued revenue bonds. The impact of the various CIP-financing scenarios on bed rates is illustrated in Table 3 below:

Table 3 – Net Additional Costs Associated with CIP Financing (per bed, per month)

CIP Financing Scenario	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31
100% Revenue Bond (Debt) Financing	\$0	\$138	\$273	\$417	\$548	\$696	\$869
100% General Obligation (GO) Bond Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50% Revenue Bond (Debt) Financing 50% General Obligation (GO) Bond Financing	\$0	\$69	\$136	\$209	\$274	\$348	\$435
25% Revenue Bond (Debt) Financing 75% General Obligation (GO) Bond Financing	\$0	\$34	\$68	\$104	\$137	\$174	\$217

When financing options were presented to the Board of Regents on November 7, 2024, the general consensus for planning purposes was to adopt a financing plan where 75% of the total CIP Plan relies on legislatively appropriated general obligation bonds and 25% of the total CIP Plan would be financed through University-issued revenue bonds which is illustrated at the bottom of Table 3 above.

In addition to forecasting potential costs associated with debt financing, the SHS program forecasted the financial impact of baseline operational expenditures related to personnel, utilities, repairs and maintenance as well as other miscellaneous overhead costs of administering the program. A summary of the baseline expenditures that would need to be covered each fiscal year for the department to break even is illustrated in Table 4 below.

Table 4 – Baseline Expenditure Breakeven Rates (per bed, per month)

Baseline Expenditures (YoY increase assumptions)	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31
5% Increase in Personnel Expenses 3% Increase in Utility Expenses 2% Increase in Other Expenses \$2m Repair & Maintenance Budget	\$739	\$721	\$749	\$785	\$812	\$841	\$870

The Administration will commence the rental rate increase proposal process during the 2025 calendar year. The earliest rental rates are expected to be impacted by this process will be the 2026 – 2027 academic year. As part of this rate evaluation process, the administration will consider programs that can assist those with financial need and/or Hawai'i residents with stipends or other forms of financial assistance.

Finally, UHM will work directly with the Office of Strategic Development and Partnerships (OSDP) to enter into a P3 arrangement to maximize bed inventory on the Hale Noelani footprint. Portions of Hale Noelani have been identified to be in the flood plain. A consultant has been selected to provide more detailed information on what restrictions, if any, are placed developing all or a portion of the Hale Noelani footprint for student housing. Assuming the flood study is completed by the end of 2025, UHM desires to commence a P3 solicitation process in 2026.

UHM is also working directly with OSDP to evaluate the feasibility of utilizing lands situated at TMK(1) 2-8-015:001 for workforce housing, faculty/student housing, and other affiliated uses. A report on this status is submitted under separate cover in conformance with House Concurrent Resolution 178, H.D. 1.