



PENNINGTON & COMPANY

- Consulted more than **590** house corporations on **124** college campuses
- Raised more than **\$450 million** in support of Greek life
- **\$70 million** raised in 2014 alone; **43%** non tax-deductible



\$588,913,157

Fraternity Foundation Assets

\$6,100,311,931

Fraternity Real Estate
Replacement Value



\$588,913,157

Fraternity Foundation Assets



Foundation Assets from IRS 990 reports; Replacement Cost Values provided by MJ Insurance, James R. Favor, and Willis Insurance

Fraternities &
Sororities:

Largest not-for-profit
student landlord

250,000 students in
8,000 facilities



Yesterday



Today



Students Want



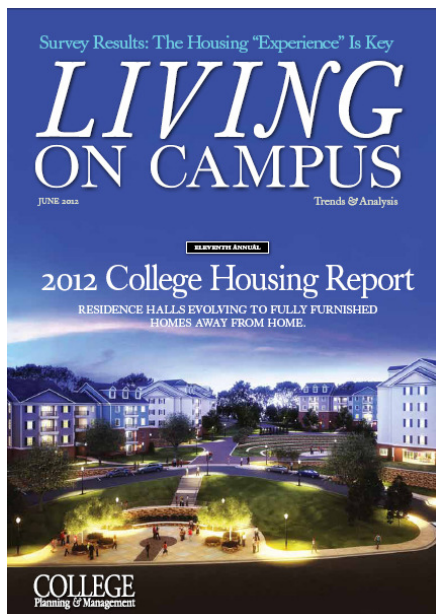
Students Want



Students Want

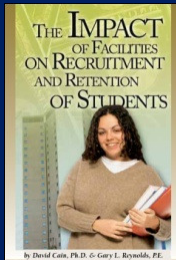


Students Get



“Hotel” Experience
rather than a
“College” Experience

Residential facilities on campus are the **2nd most important factor** in the decision making process.



The Impact of Facilities on Recruitment and Retention of Students
by David Cain, Ph.D. & Gary L. Reynolds, P.E.

Student Life

Do You Understand Your Users?

The two most common goals sought by students and institutions today are:

Community
Privacy

- ❑ The first year experience is all about establishing a new community.
- ❑ Double rooms are still expected for freshmen while single rooms are increasingly preferred by upperclassmen, particularly seniors

Courtesy of Harvard Graduate Study

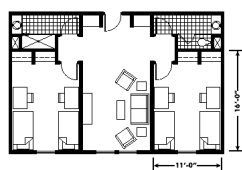
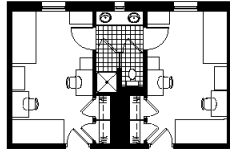
College students spend **70%** of their time within their living environment.



"Where you live Influences Who You Know: Differences in Student Interaction Based on Residence Hall Design." Brandon, Alison, Joan B. Hirt, and Tracey Cameron. The Journal of College and University Student Housing

***WHO IS OUR
COMPETITION?***

Residence Halls

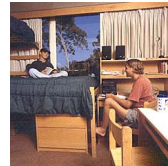


Residence Halls

The median residence hall being constructed in 2014 cost \$34.05M



117,983 sq. ft
370 students



From College Planning and Management 2014 Construction Report

Residence Hall Accomodations

Sleeping Arrangements

Percentage of students in

One-person rooms	15.3%
Two-person rooms	53.7%
Four- to eight-person rooms	30.9%

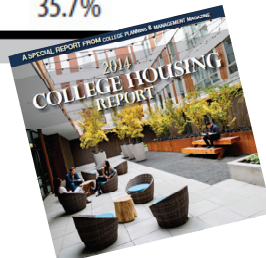


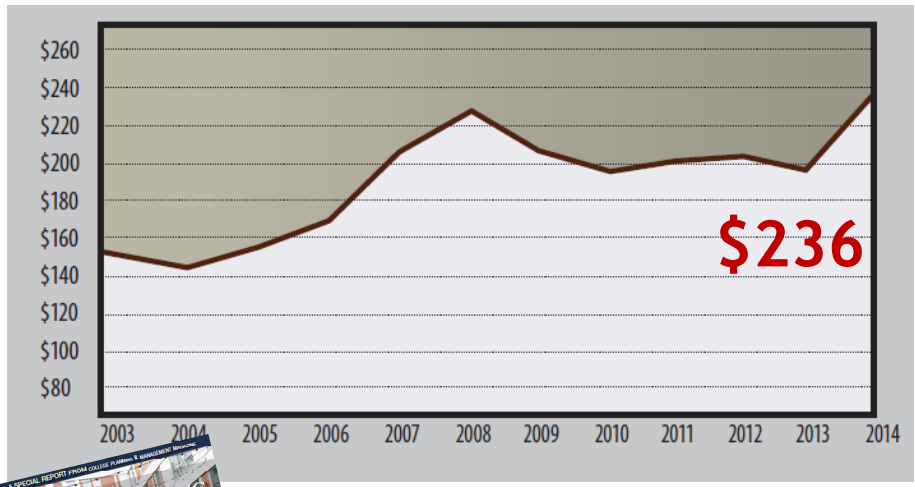
Residence Hall Accomodations

Bathroom arrangements

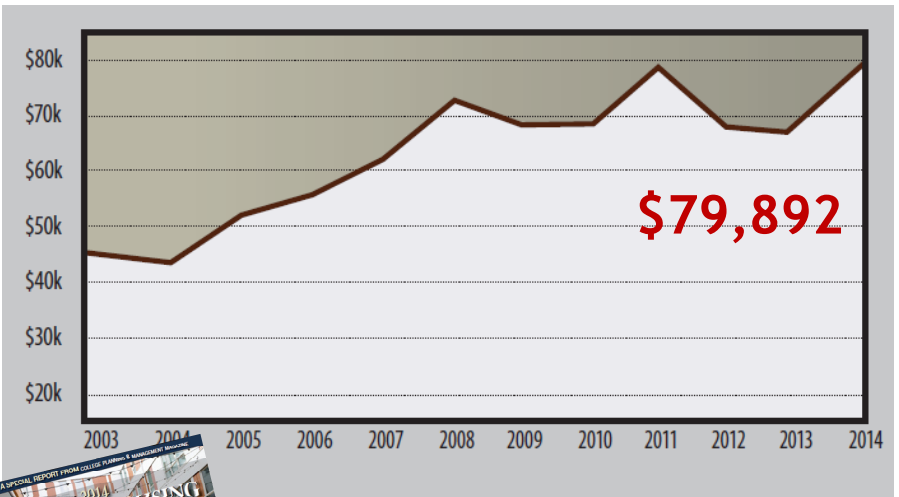
Number of students sharing bathrooms

One or two	39.0%
Three or four	25.3%
More than four	35.7%

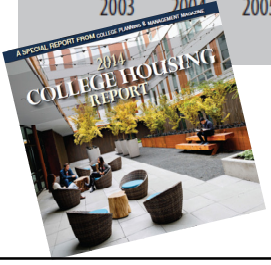


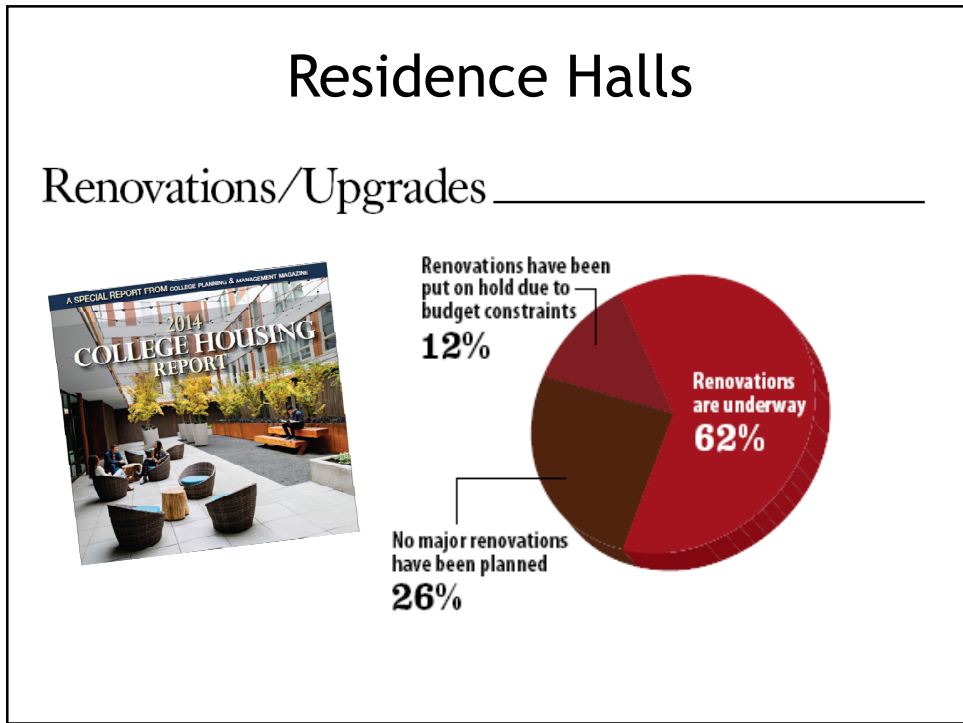
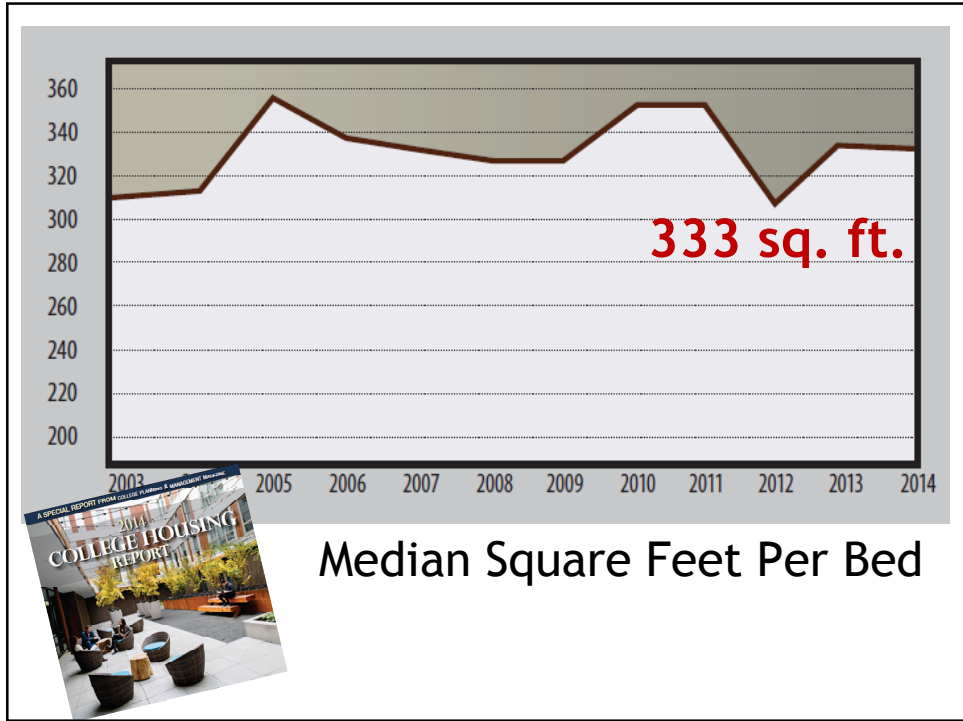


Median Cost Per Square Foot



Median Cost per Bed



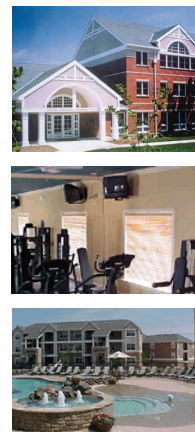


Apartments

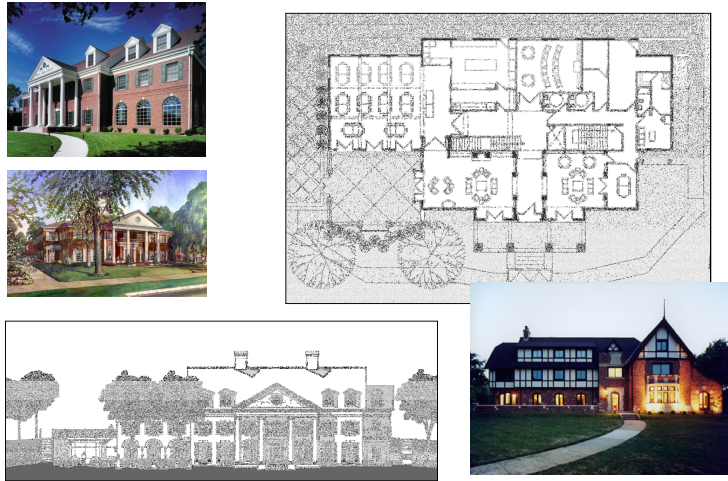


Apartments

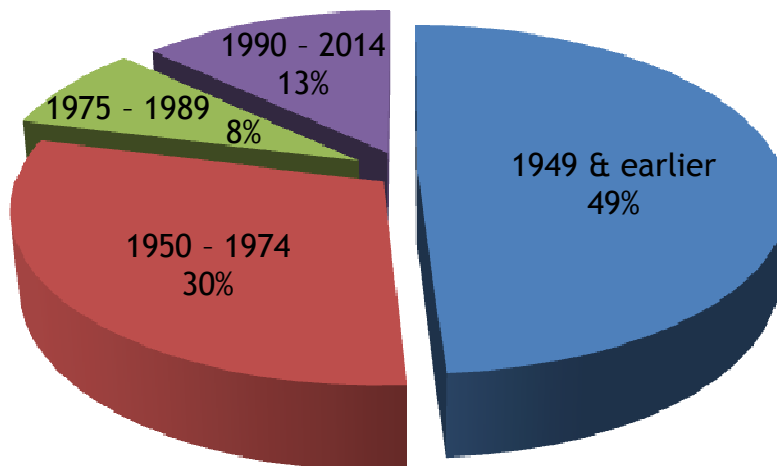
- 1 - 4 person living arrangements
- Private / Group Study Areas
- Private bathrooms
- Exercise / Recreation Rooms
- TV Lounges
- Food Service Options
- Laundry Facilities
- Internet Access and Cable TV



Other Greek Housing



Age of Chapter Housing



* Information on age of facilities provided by MJ Insurance and Willis Insurance

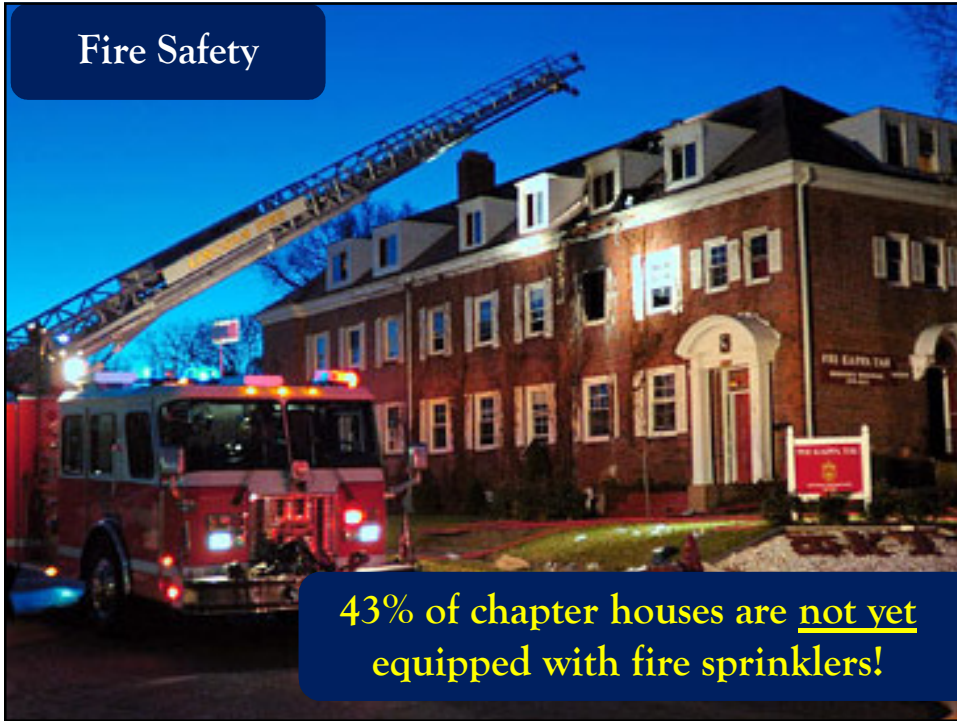
Deferred
Maintenance



Image – Interior Doesn't Meet Needs of Today's Student



Fire Safety



43% of chapter houses are not yet equipped with fire sprinklers!

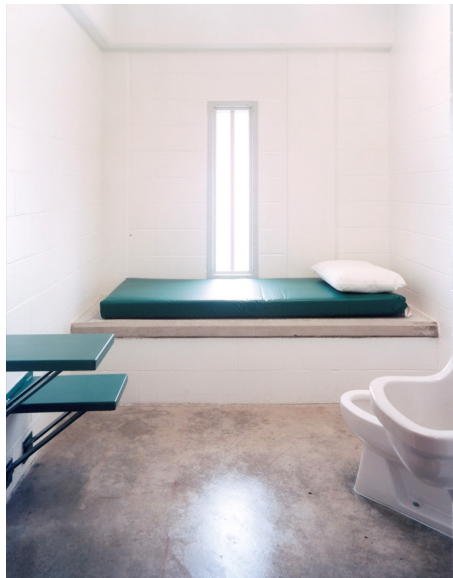




**Comply with local
building
and fire codes...**



Security



Security

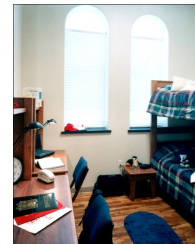
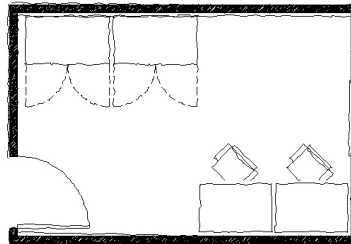
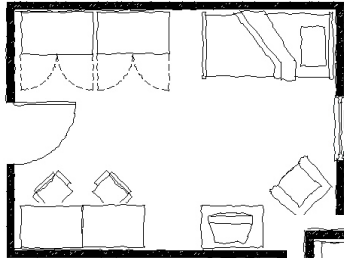


Security



Unit types

Sleeping / Study Rooms



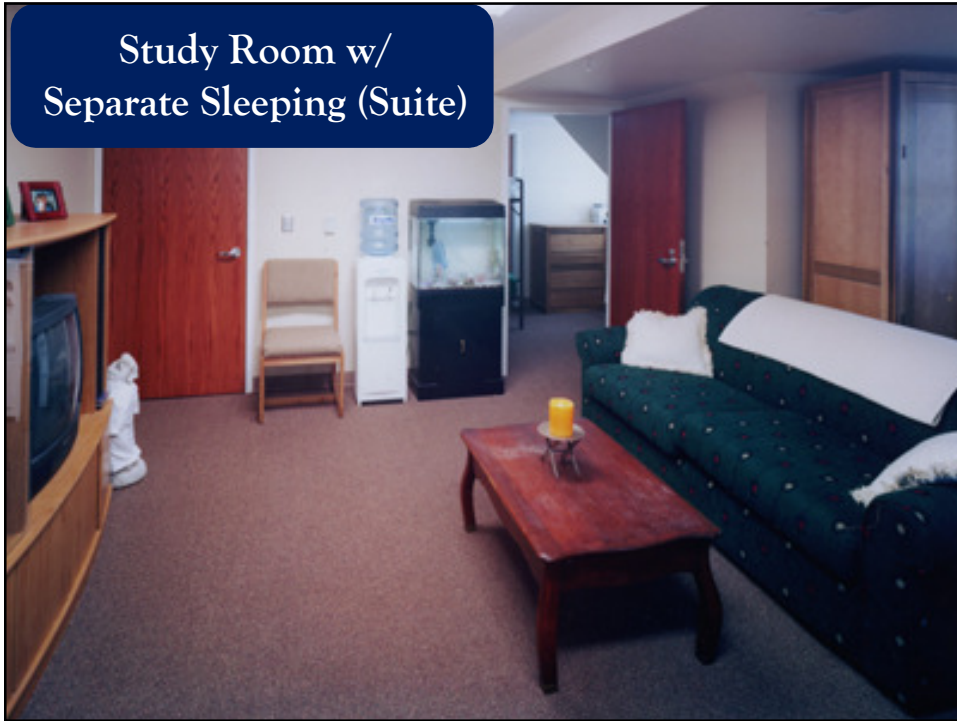
Sleep/Study



Sleep/Study



Study Room w/
Separate Sleeping (Suite)



Apartment



Amenities

- Small Group Study/Media
- “Business Center”
- Exercise Rooms
- Increased Storage
- Enhanced Meal Services
- Laundry
- Vending Areas



Dining Room



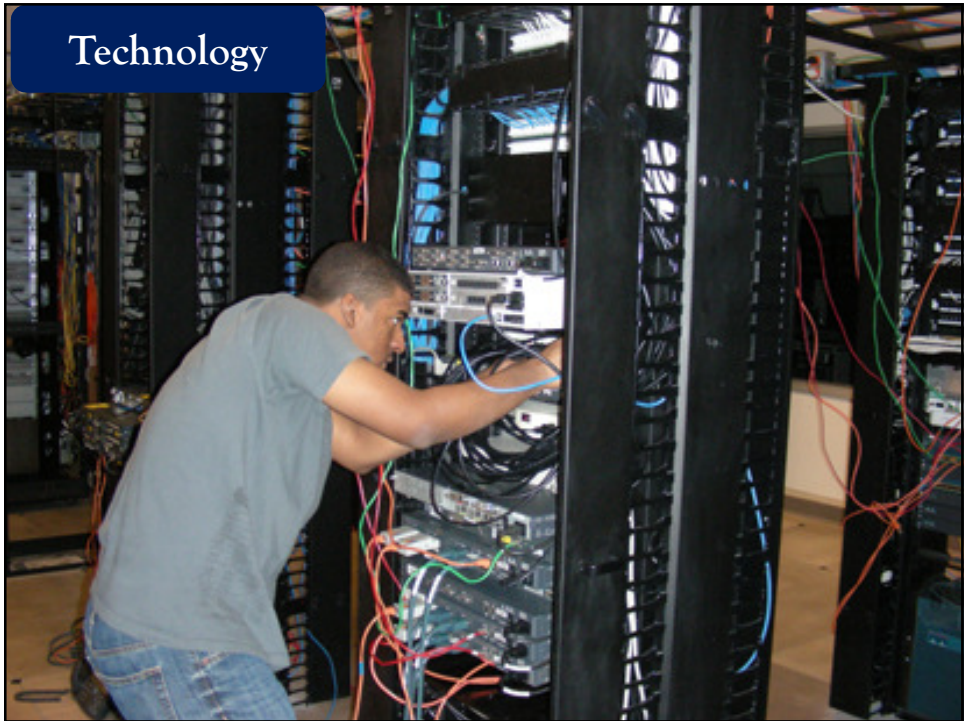
Lecture Hall



Alumni Library



Technology



Outdoor Spaces



Outdoor Spaces



Parking



Locker Room





*“...what we lack in facilities,
we must be able to make up
in adequate staff/customer
service.”*

House Mother
Property Manager
House Association

Facility Director
Chef/Cooks
Parent Associations

Reflection of Your Organization

Vision

- Who Are We?
- What Do We Care About?

- This Is Your Brand,
Your Reason Why!



Point of Pride



- Residents & Alumni
- Parents
- Greeks
- College or University
- City
- National Organizations

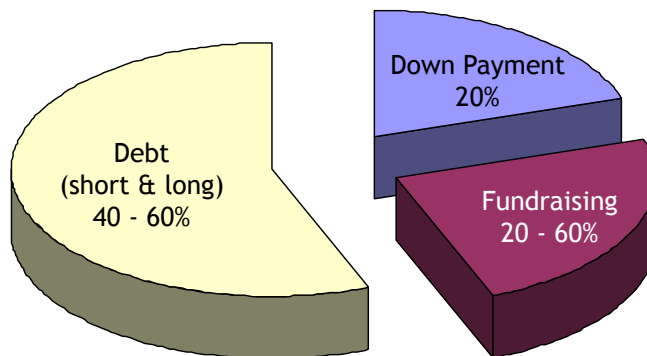
“This is where I Live(d)”



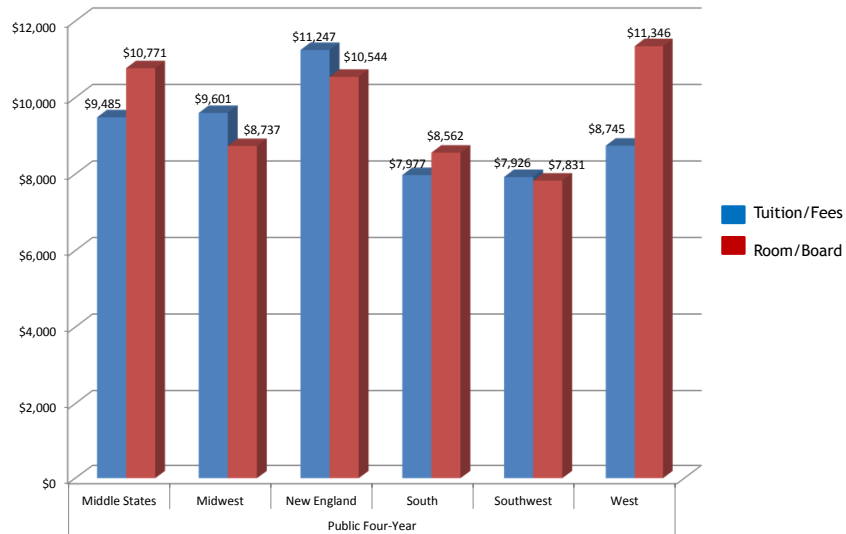
**\$1B of
Construction
Ready
Projects**



Financing



Average Tuition & Fee and Room & Board Charges

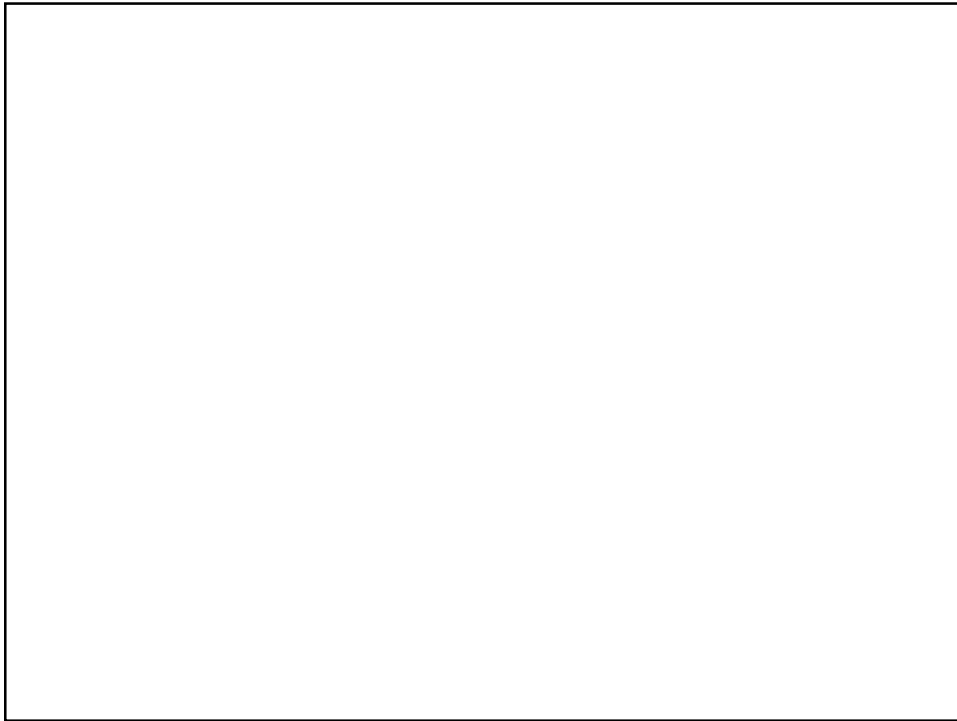


College Board Region and Sector, 2013-14 (Enrollment-Weighted) (collegeboard.com)

Questions?

Patrick Alderdice
(785) 843-1661
patricka@penningtonco.com

@PAlderdice
@Pennington_Co

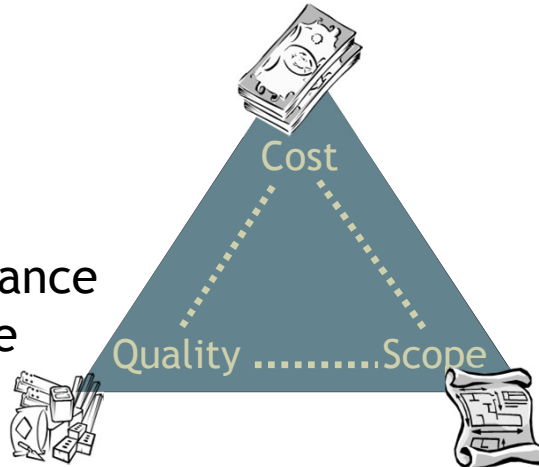


Keys to Success

1. Understand your housing market
2. Define your value and charge room/board accordingly
3. Develop your facility plans with financing in mind

Costs...

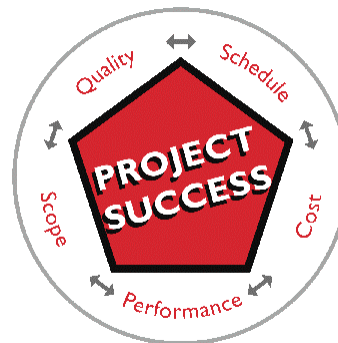
- Scope
- Quality
- Cost
- Performance
- Schedule



Proforma...

Define Project Performance

- Revenue
 - Room
 - Board
 - Fees
- Financing
 - Project Cost
 - Down Payment / Fundraising
 - Mortgage
- Expenses
 - Debt Service
 - Maintenance / Capital Improvements
 - Utilities & Building Operations
 - Insurance & Contingency

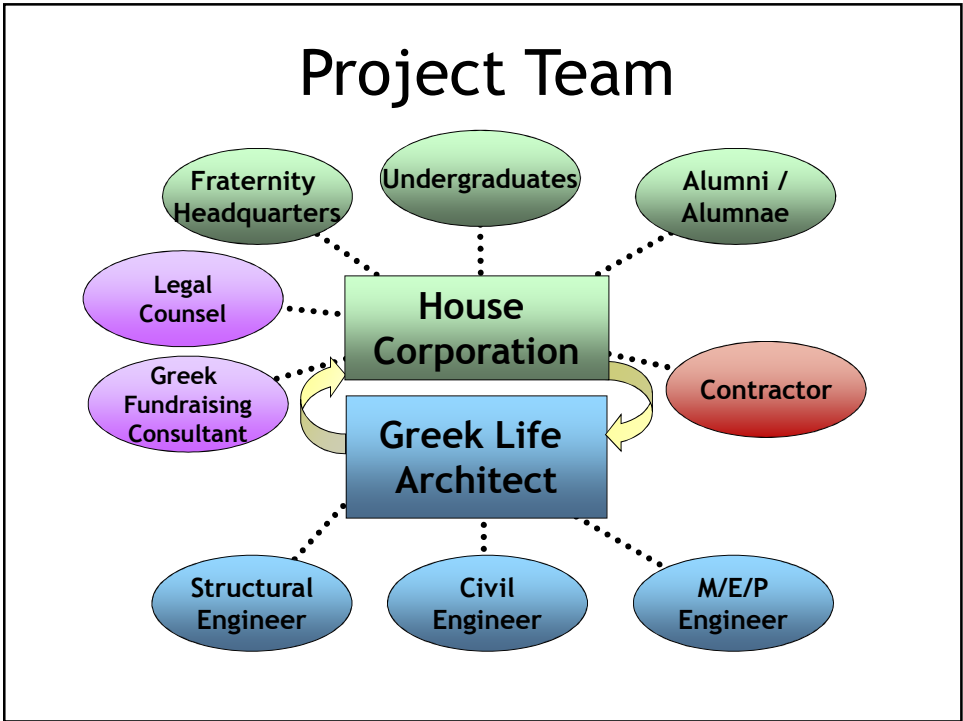


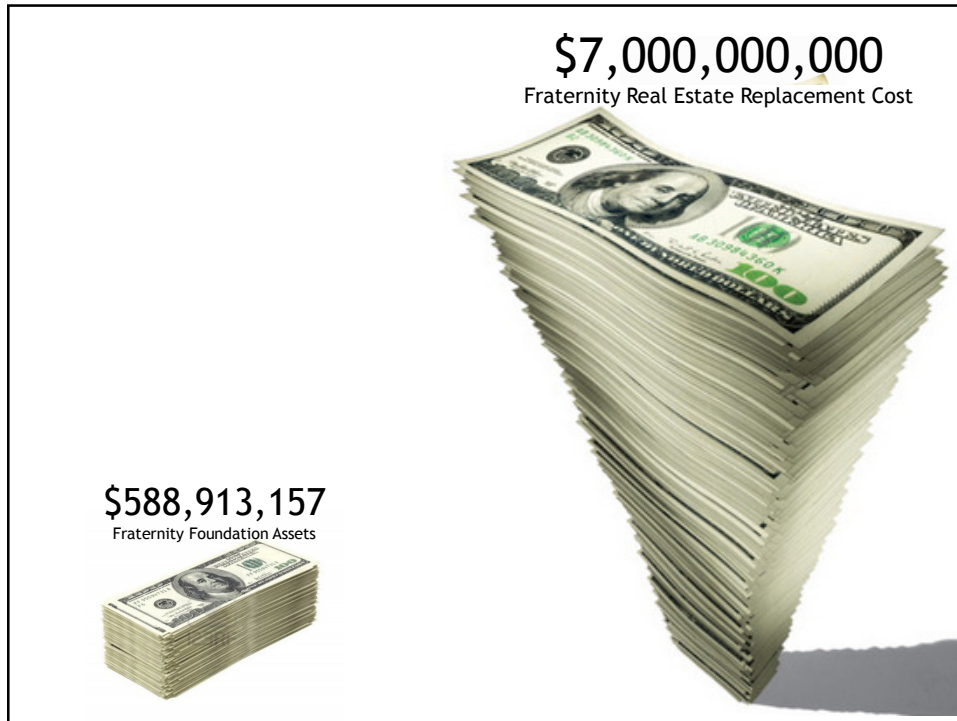
Costs...

- **Construction Costs:**
 - Cost of Building the project
- **Development Cost:** (20-30% Construction Costs)
 - Construction Costs plus...
 - Site Acquisition
 - Utility relocation
 - Hazardous Abatement
 - Street Improvements
 - Development Fees
 - Site Survey
 - Soil Borings
 - A/E Fees
 - Drawing reproduction
 - Testing and Inspections
 - Furniture, Equipment
 - Telephone / Data
 - Moving Expenses
 - Financing Costs
 - Legal Fees
 - Contingency (5-10% of construction)
 - And lots more...

Super Suites

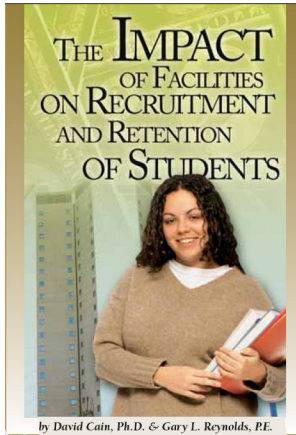






Building Community
Variety of Room Types
Home - Block - Neighborhood - Village
- Provide privacy & sense of personal space, but intentionally create spaces where student connect with each other (bathrooms, stairwells/landings, etc.) and can congregate (dining room, media room, chapter rooms)

Student Life



What is the benefit of facility in the recruitment process?

Fundraising Considerations

*“To qualify as educational space, an area **MUST** be exclusively educational; meaning there is no mixed use.”*

Educational Spaces

- Libraries
- Computer Rooms
- Study Halls
- Group Study Rooms
- Individual Study Rooms (w/o beds)
- Educational Storage (test files)
- Project Areas / Drafting / Graphic Arts

Non-Educational Spaces

- Kitchen
- Bathrooms
- Dining Rooms
- Chapter Room
- TV / Recreational Room
- Living Rooms
- Bedrooms / Sleeping Dorms

Educational vs. Non-Educational

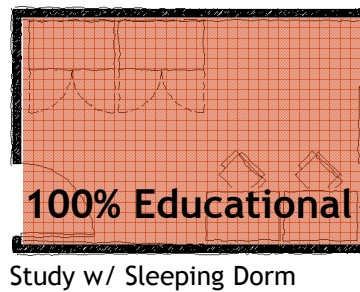
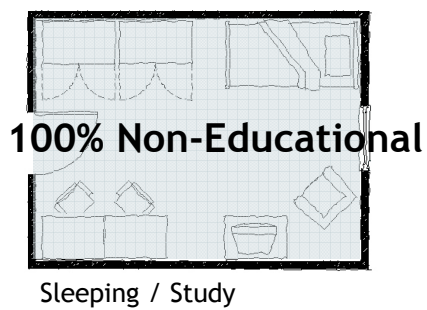
Figuring Educational Space

Total
Square
Footage

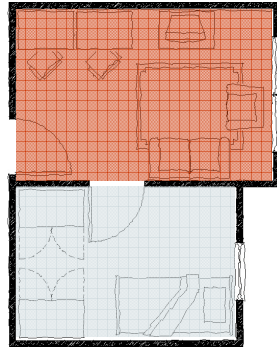
“Exclusively
Educational”
Space



Educational vs. Non-Educational



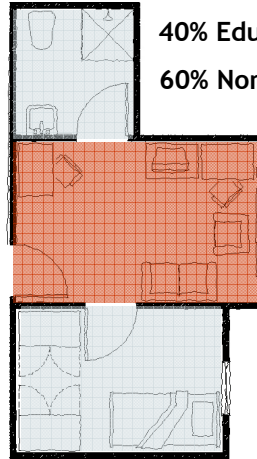
Educational vs. Non-Educational



Sleeping and Study

60% Educational

40% Non-Educational



40% Educational

60% Non-Educational

Sleeping and Study w/ bath

Current Legislation

THE COLLEGIATE HOUSING AND INFRASTRUCTURE ACT (H.R. 1449/S.654)

Allows tax-deductible contributions to fraternity and sorority foundations to be used for the renovation or new construction of Greek housing (except for physical fitness equipment, pools, and hot tubs).

104 sponsors in House; 13 sponsors in Senate as of 7/14/2014

www.fspac.org

Educational vs. Non-Educational

Figuring Educational vs. Non-Educational Space

- Determine the total square footage of the building, excluding *ancillary* space
 - Corridors
 - Stairways
 - Vestibules
 - Determine the total square footage of “exclusively educational” space
 - Determine the total square footage of non-educational space
 - Divide “exclusively educational” space by total square footage
 - Resulting percentage is “exclusively educational”
 - Divide non-educational by total square footage
 - Resulting percentage is non-educational
 - These same percentages also apply to ancillary space
- *Plan your construction/renovation with educational space in mind!

Housing Trends Presentation

Intro - who I am/why I know about this stuff

Fraternities largest not-for-profit student landlord

Fraternity Housing Expectations

Yesterday

Today

Wants

Gets

Why is this important? - Residential facilities are 2nd most important factor

Issues

Deferred Maintenance

Image

Fire Safety

Security

Idea of Developing Community

Trend Areas

Unit Types

Single Rooms

Study/Sleep

Suites/Apartments

Mix of room types to satisfy upperclassmen and add variety

Amenities

Night Kitchens

Small group study and project rooms

Board rooms / business offices (even alumni office)

Exercise/fitness areas

Laundry/Vending

Technology

Retaining “Senior” Leadership

Parking

Housing Trends Presentation

\$588M in Foundation assets

\$7B in Housing Assets (based on Replacement Value)

2nd most important factor to where student goes to school

Financial health