

ISSUE #2

PERSPECTIVES

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SHRINKING
RESOURCES
SPARKS
REGIONAL
COLLABORATION

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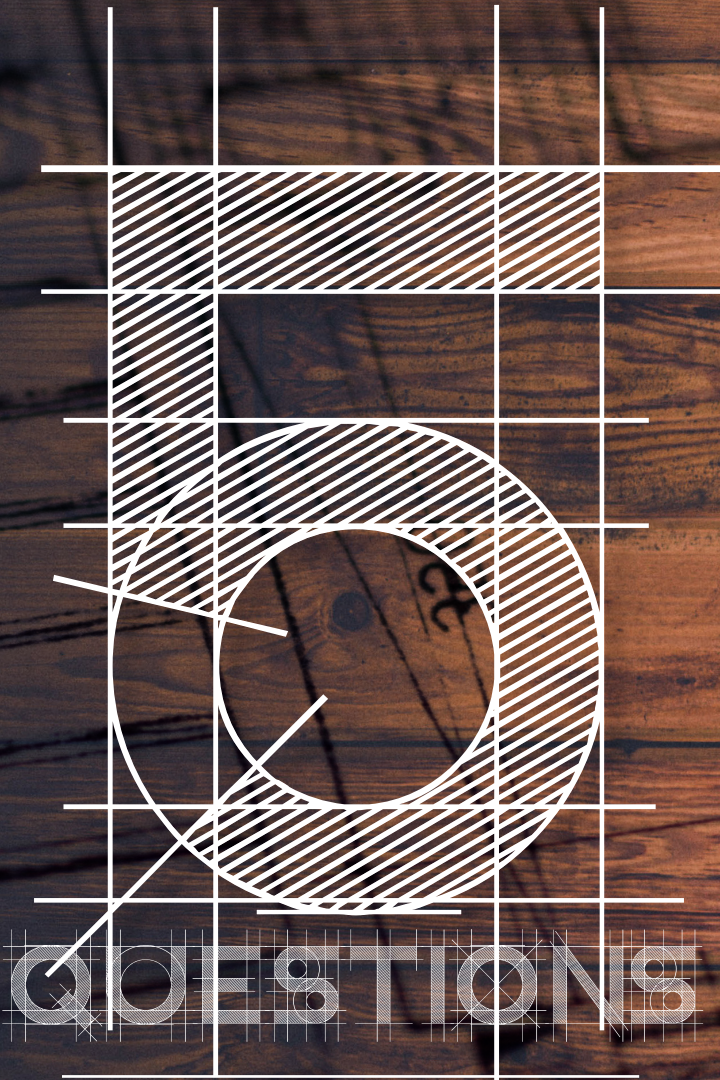
EXECUTIVE DIRECTOR
LYNDA WILEY Q&A

It is probably a fair statement that chapter housing, and more specifically construction and renovation, is not a core job component for most campus professionals. With almost 49 percent of chapter housing built prior to 1949, and an additional 30 percent built between 1950 and 1974, chances are housing will become an item on the agenda at some point. This could involve an institutional project, or an alumni house corporation may request assistance from the institution on a major construction project. What issues might groups face and what resources are available? In what ways can a campus professional help a group of alumni volunteers get organized and pointed in the right direction? While fraternity and sorority advisors may not have all the answers, they can be equipped with some level of understanding which will give them confidence in serving as a proactive supporter for housing projects.

WHO IS ON THE TEAM?

It is possible many local boards have struggles recruiting and retaining volunteers. These challenges are exacerbated when conducting a major renovation or construction project due to the tremendous effort it will require from volunteers. The first step, before looking for an architect or a building site, is to make sure the right people are on the team. A successful project team consists of key volunteers who bring specific skill sets to the table and who are empowered to make critical decisions. Volunteers with backgrounds in finance, design, construction, and fundraising are vital to the success of the project. Whether they operate as a separate 'capital project team' or as a subset of the house corporation, starting a project without these individuals is not advisable.

After assembling a team of volunteers, it is time to consider bringing in outside experts both for their specific knowledge and the ability to move the project ahead. Groups can spend years in the "planning phase" largely due to they are all volunteers and few are able to dedicate full-time attention to a project. While outside consultants clearly come with a price, they can essentially pay for themselves by keeping a project on time and avoiding costly delays and mistakes.



TO HELP GUIDE
SUCCESSFUL
HOUSING PROJECTS

WHAT ARE THE MAIN OBJECTIVES?

Any project can get bogged down at one point or another simply because the players involved cannot agree on what they are trying to accomplish. Developing a clear vision for the project is essential and must be done with all the key stakeholders involved. House corporation officers and undergraduate leaders are always the first to be considered. However, it is important to ask who else can contribute to this process? Consider how input from campus administrators, city planners, general alumni/ae, and even parents might add value to the project. A forward-thinking board should ask, "What trends are influencing student housing for the next 40 years, and who else should be included in this conversation?"

It is important for groups to be honest about what the future of the facility should be. A vision that misses key items during design only to discover these during construction is more than an inconvenience. Here are several important questions to consider:

- Will they be the only group on campus to have food service?
- Are members going to find a quad room appealing?
- Do they have to design suite-style or club bathrooms?
- Have they put the study room in the wrong place?
- Do their members even want to live there?
- How will this project help with recruitment?

A solid housing plan has answers for each of these questions and encourages consistent reflection on the vision as more questions arise.

What can actually be built on the proposed site also needs to be clarified. What limitations exist due to zoning or special exemptions? How will the project meet code requirements around parking or life safety? Will they have to request variances given the property's location in a historic neighborhood? What concerns exist around safety and security for chapter members? All of these questions if answered early, allow a group to move into design and construction with a minimum of "oops" moments.

HOW MUCH WILL IT COST?

Every project comes down to one primary factor, the budget. While how much can a group afford sounds like a simple question, there are a multitude of factors contributing to establishing a clear budget. Here are several questions to consider regarding the budget:

- How much cash is readily available?
- How much money can be raised and by when?
- How much debt service will the future operational budget support?
- What does it actually cost to build the proposed facility?

It is easy to envision a grand new house with a big front porch, grand stairwell, and lots of space for chapter events. It is another thing to realize the list of 'must haves' is simply not affordable. There is a moment on the HGTV show *Property Brothers* when Drew and Jonathan Scott, the hosts of the show, take the unsuspecting homebuyers on a tour of a finished house that checks every box on their wish list. Then, they reveal a price tag which is far beyond the proposed budget. It is similarly easy for an alumni board to develop a housing wishlist which far exceeds their realistic budget. However, proper planning can help an alumni board avoid the type of deflating moment the home buyers experience on *Property Brothers*.

There are two documents every house corporation must complete to successfully take on this scale of a project. The first is a Capital Project Budget that clearly accounts for both the funding, and the cost of the total project. This is where many groups experience their first sticker shock moment. It is easy to look at a new \$4 million dollar construction project and wonder what contributes to that number. Beyond the pure construction costs lie costs for design, permitting, inspections, insurance, and furnishings. The budget must also account for funding sources. How much cash on hand can be brought to the project? Will the organization borrow money, and how much will that contribute to the project? How much money will come from a capital fundraising campaign? These are questions that must be addressed in the conceptual phase, before an architect gets into the actual design of the project.

HOW WILL THE ORGANIZATION PAY FOR IT?

The second document is a 10-Year Operating Proforma. This is a projection that essentially shows what the revenue and expense budget will look like for the first ten years the new house is in operation. While it sounds daunting, building a Proforma is an exercise in creating a future budget based on solid assumptions. First, how much revenue will the operation generate from all sources including resident rent, meal plans, out-of-house fees, and the member fees? Here it is necessary to build a competitive rate structure that is compared to residence halls and other fraternity housing. Rates and fees should be projected to increase by a consistent annual percentage with the goal of adequately funding the operational needs while remaining affordable for the members.

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Second, what will it cost to operate the building in terms of regular operating expenses like utilities, insurance, and food costs, as well as service the annual debt on the building? These two documents, the Capital Project Budget and the 10-Year Operating Proforma, are the tools that can be used to make tough decisions on what the organization will eventually build and how it will operate. The assumptions must be realistic and should be verified throughout the process. These become the core of the business plan that will be used by a lending institution to determine the viability financing this project, so a good organization makes sure these budget estimates are accurate and realistic.

HOW DOES THE ORGANIZATION MOVE FORWARD?

Once a group has answered those first four questions, the most difficult one left is how does the project move forward from plan to action? If they have really completed their homework, and answered all those questions, then moving forward means pulling all the information together into a clear, concise packet of information and sharing that product with the right people. They can use this as part of their fundraising efforts or to engage alumni volunteers. It can be used to explain to undergraduates why it may be three years until the new house opens. The documents will also be used by the project’s architects, contractors, and financiers to make crucial decisions throughout the design/build process.

The reality for many groups is they are facing some critical decisions about their housing situation. Whether the plan is to renovate, expand, or build new, every housing project comes with its own set of unique challenges and potential solutions. As a campus professional, your days are filled with consultations, advising, and lots of decisions. Although most of those will not involve housing, when the opportunity arises, the fraternity/sorority advisor will want to make sure they can provide the organization with good direction. A bad decision on housing can be a drain on even the best of chapters. This can then become an issue for the campus based advisor and even the institution. If all parties share a goal to ensure future generations can have exceptional chapter living/learning experiences, then everyone can find ways to contribute to a successful project when the opportunity arises.

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