

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 23, 2023

BOISE STATE UNIVERSITY

SUBJECT

Park Apartments Sale

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.1.and V.I.2.g
Idaho Code §§ 33-107(2), 33-4005

BACKGROUND/DISCUSSION

Boise State University (BSU) requests approval to sell the real property and improvements located at 860 W. Sherwood St., Boise, Idaho, 83706 and commonly referred to as Park Apartments (the “Property”) to the City of Boise (the “City”) for a purchase price of eight million one hundred forty thousand dollars (\$8,140,000), plus incidental closing costs. This transaction is the cornerstone of the City and University’s proposed redevelopment project in Boise’s Lusk District (the “Lusk Project”). The Lusk District is adjacent to BSU’s main campus and has the highest concentration of off-student campus housing in Boise. In addition to existing off-campus housing, BSU entered into a master lease for approximately 278 additional beds for BSU student housing in the Lusk neighborhood, which was approved by the State Board of Education in October 2022 and will open for occupancy in August 2024. The redevelopment Project will consist of mixed-use and mixed-income housing, retail, office, parking and related amenities to service students and visitors in the neighborhood and will enhance students’ experience and the overall capacity of housing and amenities serving students on and near campus. As part of the Lusk Project, the City will add additional affordable housing and parking capacity and BSU is contemplating housing capacity together with parking, office, retail and related amenities. The Lusk Project’s added housing capacity will help alleviate overall housing demand and provide more affordable options in and near campus for students, employees and members of BSU community as well as related amenities.

Currently the Property has 47 university student housing units, as well as 65 parking spaces and related amenities including a play structure. The Property was constructed in 1940 and, if retained by BSU, would require a significant investment in renovation and deferred maintenance to meet the current needs of university students.

Due to the unique nature of the transaction, the Purchase and Sale Agreement contains provisions whereby the City agrees to utilize the Property as a permanent supporting housing facility geared toward families, and further agrees to:

- 1) Continue working with BSU to redevelop its nearby property located in the Lusk District, under a nonbinding development Memorandum of

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Understanding between the City, BSU, and a developer; and a joint powers agreement between the City and BSU relating to the Lusk Project; and

- 2) Lease back the Park Apartments to BSU through June 2024 for continued use as student housing during the initial period of design and development of the Lusk Project.

During the leaseback period, BSU will be entitled to all rental revenue collected and is responsible for maintenance and payment of certain operating expenses, such as utilities. In the event the City does not go forward with its housing development as part of the Lusk Project, ownership of the Park Apartments will revert back to BSU.

Both BSU and the City have conducted due diligence relating to the property and received appraisals. The sales price of the Property is within the values established by two appraisals conducted in 2022. The purchase is conditioned on BSU securing Board approval to sell the Property, execution of the joint powers agreement relating to the Lusk Project, and City Council approval of the Purchase and Sale Agreement. If approved, BSU expects to close no later than September 15, 2023.

IMPACT

BSU will receive \$8.14M for the Property. The transaction enables significant redevelopment of adjacent parcels owned by the City and university in alignment with the Lusk Project. These parcels have long been considered for redevelopment, and the memorandum of understanding seeks upwards of 500 units of housing, additional parking capacity, and a mix of retail, service and office uses that will benefit Boise State students, faculty and staff. Additionally, BSU may reserve a portion of the Lusk Project for use as a business and industry incubation center in conjunction with its College of Innovation + Design.

ATTACHMENTS

Attachment 1 – Proposed Purchase and Sale Agreement

STAFF COMMENTS AND RECOMMENDATIONS

The sale of this property by BSU to the City of Boise is a substantial opportunity to redevelop the parcels of land included in this transaction as well as adjacent properties. The parcels included in this transaction are more commonly known as the University Park Apartments, located at 860 W. Sherman Street, Boise, Idaho 83706.

The strategic location of the Lusk Project offers close proximity to BSU's campus with current plans to design and construct a mixed-use development. This will include new affordable housing, increased parking, as well as retail and commercial space. The Lusk Project also provides BSU the ability to accommodate future expansion and be more engaged with the Boise community.

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Board approval for the sale of real property is required under Board Policy V.I.5.iii. Board approval of this request is required as a condition to closing in the Purchase Agreement.

Staff recommends approval.

BOARD ACTION

I move to approve the request by Boise State University to sell the Property and improvements located at 860 W. Sherwood St., Boise, Idaho, 83706, for a price of \$8,140,000 plus related closing costs, and to authorize the Chief Financial and Operating Officer to execute the Purchase and Sale Agreement together with all necessary documents to complete the purchase as outlined therein.

Moved by _____ Seconded by _____ Carried Yes _____ No _____