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## Chapter Update

### Increasing Occupancy, a House of Many Mansions

We wanted to report early signs of success in addressing our most critical stumbling block as a chapter since 2019: low house occupancy. Sigma Nu has always had strong chapter house occupancy. For most of our history, and despite the often very sorry condition of the house, brothers fought to live at 3819 Walnut Street. Cramming into a quad in the Cooler, living in the Cupola, fighting off city condemnation in the Backhouse, freezing in the Igloo, or dwelling in a windowless basement back room, now eponymously the "Horse's Stable" after brother Wayne "Horse" Droesser (SAS '94), was the rule not the exception. The roof and plumbing leaked, the heat was sporadic, the kitchen and bathrooms were petri dishes, but it was our house. We loved 3819 Walnut, and we loved living with our brothers. Living together independently as part, but also on the periphery, of the university has always been core to Beta Rho's culture.

#### *Sigma Nu Beta Rho Brothers from the 1960s and 1970s.*



That tradition ended in 2019. Brother leadership made the conscious decision to shift members from living in the chapter house to off-campus houses. Occupancy dropped from 19 brothers the year before to only 11 in 2019, despite having a chapter of over 50 members. Caught off-guard with a nearly \$90K revenue shortfall (rental revenue below mid-1990 levels), we managed emergency structural repairs to the kitchen and annex. To attempt to address the abrupt occupancy decline, the board began to pour money into the house to make it more appealing, renovating the kitchen first out of necessity and then the bathrooms. Various other improvements were made, such as wiring the house for wi-fi and internet. We added extra maid service (if alumni can imagine having maids at Sigma Nu!). We drastically lowered rental rates for doubles. We attempted to bribe brothers with special capital improvements, like a commercial projector TV and sound system for the chapter room. Over the last six years, we spent over 50% of rental revenue on large capital projects. No matter what we tried, occupancy didn't improve.

Upperclassmen and executive board leadership figured out the hack that they could squat in large rooms as singles, which were previously always doubles for underclassmen. Active brother leadership controlled the occupancy flow into the chapter house. Who wouldn't want to live in the Lemon Lounge or Zane Grey as a single for three years? However, short-term self-interest conflicts with the needs of maintaining a brotherhood and chapter house over generations.

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Covid was a speedbump before the University implemented a policy disallowing sophomores from living in the house in 2022. Our occupancy over the last six years had averaged about 12 students per year, fewer than the number of bedrooms in the house. Improvements continued, but occupancy never improved. Complaints moved from understandable (needed kitchen and bathroom updates) to inconsequential (cracks in plaster walls). We continued to husband our resources for the most critical and necessary large-scale improvements, including a full roof replacement and structural repairs made last summer. You can't paint the interior of a house when the roof still leaks.

What had been a house with 100% occupancy for over a decade before 2019, despite being very much the worse for wear, had shifted to a house with empty rooms despite numerous student-facing improvements. **Competition for housing and brothers at UPenn is stiff, but Sigma Nu Beta Rho has had the lowest occupancy rate of any UPenn fraternity over the last six years.**

Long-term, a residential property like ours cannot operate at 50%–70% occupancy. The reduction in tenancy over the past six years amounted to over \$425K in lost rental revenue. Those funds would have covered nearly half the capital projects referenced in our December 2024

alumni newsletter. Allowing this situation to continue would further starve the fraternity of critical funds for capital improvements, eventually impact our ability to undertake normal repair and maintenance, and cement a fraternal culture well outside the norms of our brotherhood.

During weeknights, the house often felt dead, and we were beginning to hear the same from alumni who noticed when they visited campus. Brothers as recently as last semester were renting the house to third-party organizations as an event venue on weekend nights. We were becoming an Airbnb to party in (and trash) on weekends rather than a fraternity of brothers living together in our chapter house, which we

incidentally sometimes trashed while we partied. The chapter house was becoming an occasional event space and not a home. **Less than one-third of eligible junior and senior brothers were living in the house.**

Something had to change, and quickly. We needed to communicate urgency. First, we made necessary changes to the property company composition, installing a new point person to oversee undergraduate brother relations with the board. Next, we had a very candid and less than fraternal conversation with the current commander and lieutenant commander this past January. Our message was simple; we

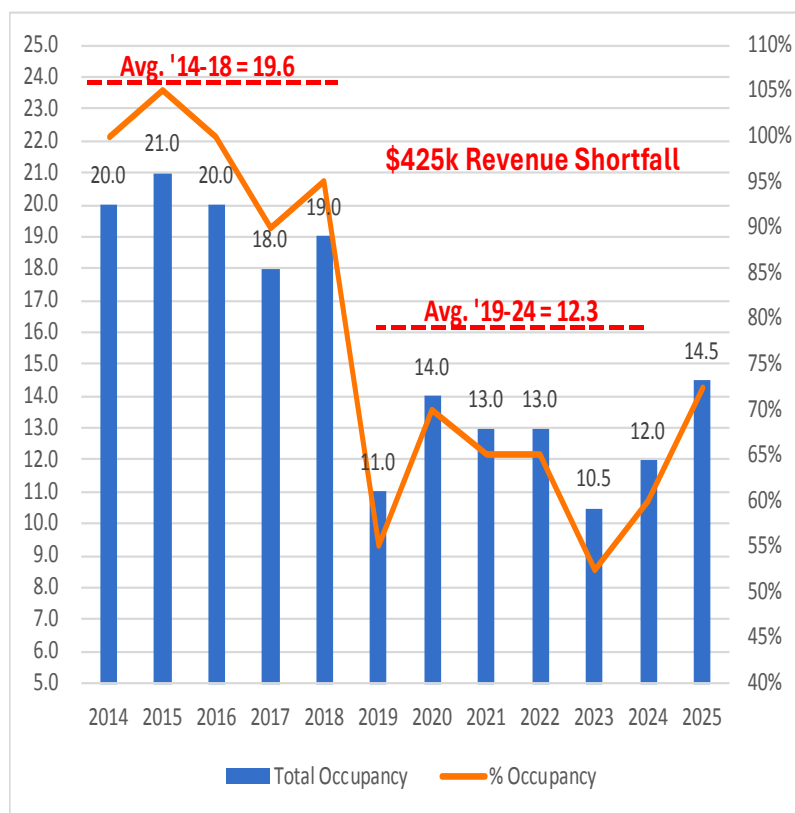
need to increase occupancy and fix the way we manage who lives in the house. We adopted the University's long-held policy that a fraternity will lose its chapter house if occupancy dips below 90% for two years in a row. For us, that means a minimum of 18 full-year leases. We also relayed that we had begun vetting various options to operate the house without an active chapter that would provide ample resources for renovation and plan for a later recolonization with a group of new brothers who want to live in our chapter house and continue our traditions. The current pledge class

would be the last one for them if occupancy and the culture didn't quickly change back to what we'd maintained for nearly 100 years at 3819 Walnut Street.

A tough message, but it's the reality for every fraternity at UPenn. Every other fraternity on campus, with the same stresses and challenges, maintains reasonably full occupancy. And if they don't, the University takes the property like they did a few years ago with Tau Epsilon Phi ("Tep") down the street from us at 3805 Walnut Street.

**We are happy to report that for the first time in six years, we have an active brother executive board that was**

**Sigma Nu Beta Rho Occupancy Challenges 2019–2025.**



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**willing to change direction and work with us to return the brotherhood to its historical culture centered on living at 3819 Walnut Street.** At the time of that initial meeting in late January 2025, we only had 10.5 leases for a May 2025 start date. Within a month, the brothers had increased that number to 14.5 leases. More critically, we were able to work together to establish a new occupancy system whereby the decision to become a brother is not separate from the decision to live in the chapter house. **Starting this past year, all pledges signed, before initiation, a binding \$10,000 chapter house maintenance obligation agreement, which is equivalent to one year's rent. If they sign a lease, live in the house, and pay rent, that obligation is fulfilled. If they don't live in the house, we will collect on the note.** This commits the brotherhood and each brother to maintaining the house with a minimum of 18 tenants each year. We effectively moved house occupancy from roughly 50% to 90% (with a minimum of 18 brothers) less than three months after initiating management and operational changes. Some toes were stepped on and feelings hurt, but this had to be done or chapter house operations would not be viable for the long-term.

With the brothers deciding to invest in themselves as a brotherhood, rebuild the live-together culture that had been abandoned over the last six years, and provide more forward revenue certainty through the new pledge house maintenance obligation system, we decided to invest heavily back in them. Brothers asked that room renovations become the next capital improvement priority. While this work wasn't scoped by our conservation architects as a first priority, given the remaining critical exterior work, we decided to marry a phased full-room renovation plan with a critical electrical rewiring of the house starting this past summer.

The project is the largest in the house's history at over 3.5 times the size of our kitchen, bathroom, or roofing projects. Total expenditures are expected to be over \$500K,

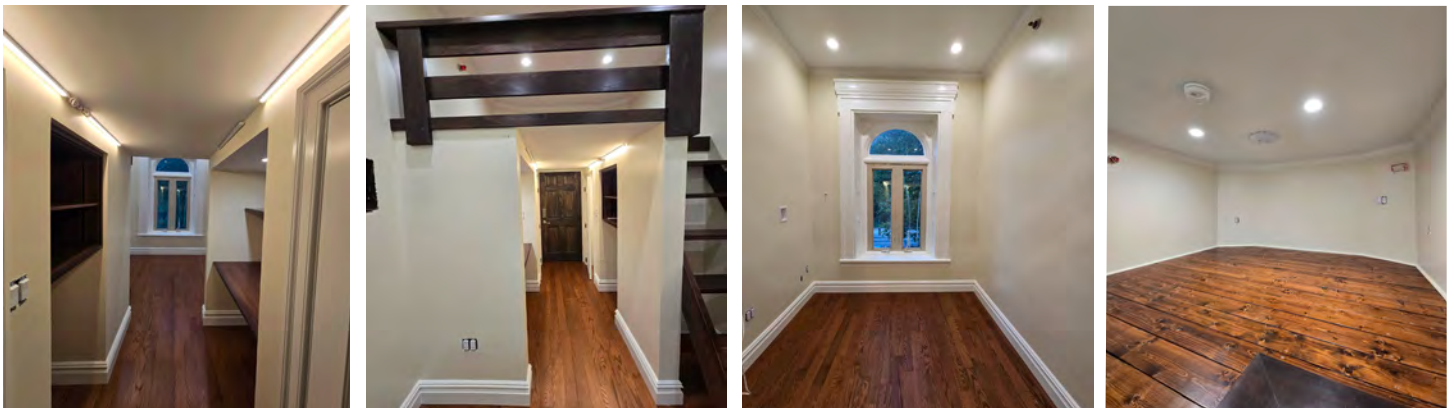
including fixtures and furniture. The entirety of the second and third floors will be rewired to code and the electrical service doubled in capacity. Plaster walls will be veneered to like-new condition and crown molding repaired after decades of roof leaks. Hardwood floors will be repaired and refinished where possible or otherwise replaced. Original woodwork and trim will be repaired, restored, or replaced to match the original design. Quality paint will be applied by professionals. New recessed lighting and ceiling fans will be installed in each room and the hallways. New fraternity durable loft bed systems for large double rooms on the second floor were installed last summer. New desks, chests of drawers, and wardrobes will be acquired for fully completed rooms.

This past summer, the second-floor Closet bedroom was gutted and remodeled with a new, enlarged loft system as a trial run for future renovation work. We took the worst room in the house and made it one of the best, adding a new loft, built-in desk, new recessed lighting, a ceiling fan, furniture, and a TV. The Cooler will be fully renovated in a similar fashion next summer. Funds permitting, the remaining rooms will be completed in phases by summer 2028. This work is contingent on the brothers maintaining the new pledge chapter house maintenance obligation system. All work will be directly subcontracted by the property company to save 30%–40% in typical residential remodel contractor margins. A copy of the new Candidate Brother House Maintenance Obligation Letter, as well as before and after photos of the Closet's recently completed renovation, can be found on our website at [betarhoalumni.com](http://betarhoalumni.com).

Over the last six years, we have drastically increased the pace and size of capital spending despite revenue shortfalls from low occupancy. We are currently spending over 50% of rental revenue each year on capital expenditures. After completion of room renovations, we will have spent approximately \$1 million in large project capital spending since 2019.

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**Newly renovated Walnut Room (fka The Closet). From worst single to best single.**





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How was this possible?

First, strong occupancy from a decade prior to 2019 left us with critical capital reserves that just covered the extensive structural repairs and a full renovation of the kitchen and laundry annex in 2019. The previous board leadership is due significant credit for prudently saving resources for the future.

Second, the generosity of a small number of alumni, acknowledged in our December 2024 letter, will fund roughly 40% of project spending. Information for giving can be found at [betarhoalumni.com/ways-to-give](http://betarhoalumni.com/ways-to-give). Third, we have optimized operations, resulting in higher retained earnings levels despite having the lowest fraternity house occupancy rate at UPenn. Importantly, in consultation with our preservation architects, we have focused on reserving funds for critical structural improvements versus short-term cosmetic fixes. Lastly, with the start of the new pledge chapter house maintenance obligation system, we should have more clarity on forward revenue, which allows us to fully deplete capital reserves while still being able to forward plan for additional critical path projects.

After the completion of the bedroom renovations, the next phase of capital improvements includes window replacements, exterior stucco/woodwork repair and repainting, a

### ***Sigma Nu Beta Rho Brothers 2025.***



front of house and courtyard restoration to the 1904 Greek Revival facade, and finally, a full first-floor restoration. This future work is expected to take an additional decade of saving and planning to complete.

This year's brother leadership has been very receptive to recreating the fraternal live-together culture that was lost over the last six years. Ample credit should be given to the active brother executive board this year in executing a significant shift in how the brotherhood views the house. In particular, Pledge Marshal

Ashkat Parthiban (WH '25) drove a sizeable change in pledge education, which culminated in securing nearly \$200K in forward lease obligations. The active chapter is already doing many things very well, including recruiting with a pledge class of 19 new brothers this past spring and five candidates this fall. While financially necessary, we collectively believe shifting back to a full-

occupancy chapter house will only make the chapter stronger.

While we are hopeful for the future, a constant challenge in a fraternal setting is that we have new brothers and active brother leadership every year. New leadership means new personalities and new active chapter priorities. And current brothers, of course, choose new brothers. We hope that future active brothers will prioritize our culture of fraternally living together, allowing us to save, invest, and preserve the chapter house. We aren't out of the woods yet, but we wanted to report our collective progress. With these recent changes, we think Beta Rho has a much better shot of keeping the chapter going and 3819 Walnut Street standing for another 125 years. Thank you to all of our alumni who have contributed financially to our efforts and who have provided critical advice and support.

### ***Chapter House rendering from 1922.***



## SIGMA NU ALUMNI: WHERE ARE YOU NOW?

As the years go by since our time as undergraduates at UPenn came to an end, it can be increasingly difficult to keep tabs on what our Beta Rho buddies have been up to. Time passes, life gets in the way, and we naturally lose touch.

To fight that progressive drift, we want to hear from you! What have you been up to since the Sigma Nu days? Have you reconnected with any fellow alumni? Have you been thinking about any good stories from back in the day? We want to know!

E-mail our alumni communications partner at [elloneill@elevateims.com](mailto:elloneill@elevateims.com) to submit any updates or stories you want to share, and we will publish it in an upcoming eLetter or newsletter!

*E-mail your updates and stories to [elloneill@elevateims.com](mailto:elloneill@elevateims.com)*