Public-Private Partnerships in College Student Housing: Lessons from Three Institutions

KEVIN R. McCLURE
Assistant Professor, Higher Education
University of North Carolina, Wilmington
mcclurek@uncw.edu

ANDREW J. RYDER
Assistant Professor, Higher Education
University of North Carolina, Wilmington
rydera@uncw.edu

JAMES M. DeVITA
Assistant Professor, Higher Education
University of North Carolina, Wilmington
devitaj@uncw.edu
DESPITE THE INCREASING POPULARITY OF public-private partnerships, empirical research about the origins, models, and long-term outcomes of this approach to financing, constructing, and managing college student housing is scant. In this study, we sought to investigate the origins, models, and outcomes of public-private partnerships in college student housing through a multi-site case study of three public research universities. Beyond filling a void in the research literature, our primary aim was to examine the on-the-ground experiences of housing department staff to glean lessons for practice. Accordingly, we offer in-depth profiles of each site that may help practitioners in the field as they navigate whether and how to most effectively partner with private developers to finance, construct, and manage college student housing.

The physical environment on and near public college campuses has undergone substantial transformation in the last two decades, particularly with respect to college student housing (Gumprecht, 2008). Popular media has dedicated significant attention to this transformation, reporting extensively on the “campus building boom” that has given rise to “luxury” residence halls with resort-like amenities (Bonfiglio, 2004; Eligon, 2013; Woodhouse, 2015; Wotapka, 2012). Many authors imply that new housing facilities are financed through ever-increasing student tuition and fees (Kirshstein & Kadamus, 2012). On the contrary, many new housing facilities are financed through partnerships involving public institutions and private developers; these partnerships facilitate the upgrading of aging facilities to meet student demand, both in terms of the quantity and quality (Bernstein, 2010; Cole, 2012; Lewandowski &
Kevin R. McClure • James M. DeVita • Andrew J. Ryder

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THE SHIFT TO PARTNERSHIPS WITH THE PRIVATE SECTOR

PPPs in college student housing represent one manifestation of a nearly 50-year process of privatization in U.S. higher education (Lambert, 2014; Newfield, 2016). Beginning in the 1970s, policymakers enacted legislation premised on the notion that the benefits of higher education accrue mainly to private consumers (i.e., college students and graduates), justifying reduced public investment (Slaughter & Rhoades, 2004). Over the course of the next 30 years, state legislatures cut inflation-adjusted, per-student appropriations to higher education, a trend exacerbated by recent economic recessions (Mitchell, Leachman, & Masterson, 2016). At the same time, policymakers called on public institutions to increase the number of students pursuing and earning a bachelor’s degree in order to promote U.S. economic competitiveness (Zumeta, Breneman, Callan, & Finney, 2012). Enrollments at many institutions rose throughout the 1990s and 2000s (U.S. Department of Education, 2016). Between 1993 and 2003, enrollment at degree-granting post-secondary institutions in the United States increased by 18%, then increased another 20% between 2003 and 2013 from 16.9 million to 20.4 million students (U.S. Department of Education, 2016). During this time, many institutions pursued efficiencies by borrowing management ideas and/or partnering with the private sector (McClure, 2016).

Bielat, 2010; Sanseviro, 2010). Baum (2011) calculated that more than 300 college student housing projects worth more than $9.3 billion have been completed using public-private partnerships (PPPs) since the 1990s. Despite the increasing popularity of this approach to financing, constructing, and managing college student housing, empirical research about the origins, forms, and long-term outcomes of PPPs is scant (Cole, 2012).

This dearth of empirical research is understandable in one respect. There are countless ways of structuring PPPs in college student housing, which creates challenges for researchers who are seeking to do a comprehensive assessment of these partnerships. Nevertheless, the lack of research suggests that many higher education leaders may be making decisions about PPPs with information that is limited, incomplete, anecdotal, or biased. More empirical research on PPPs is especially warranted because the proliferation of private developers interested in college student housing has led to a rapidly evolving housing landscape, characterized by new financing arrangements and hitherto unseen amenities. This evolution has yielded partnerships that are increasingly complex in their organizational structure, raising questions about whether the benefits for public institutions continue to outweigh the costs. In this study, we sought to investigate the origins, structures, and outcomes of PPPs in college student housing. Beyond filling a void in the research literature, our primary aim was to examine the on-the-ground experiences of housing department staff to glean lessons for practice. Accordingly, we offer in-depth profiles of each site that may help practitioners in the field as they navigate whether and how to most effectively partner with private developers to finance, construct, and/or manage college student housing.
Many campuses were ill-prepared when enrollment increases led to heightened demand for college student housing. Years of dwindling state resources left colleges with reduced capital for investments in facilities, resulting in outdated residence halls and academic facilities, as well as deferred maintenance (Turner, 2015). At many campuses, there was a shortage of high-quality college student housing with modern amenities, which became a more pronounced problem amidst fierce competition for talented students (Slaughter & Rhoades, 2004). These high-achieving students were important, in part, because they could improve an institution’s position in college rankings and because those non-resident (i.e., out-of-state) students provided a valuable revenue stream (Jaquette, Curs, & Posselt, 2016). In other words, the availability of state-of-the-art college student housing became an institutional strategy to market the campus, recruit students, and garner resources. Traditionally, public institutions financed new college student housing through auxiliary bonds that contributed to the state or university system’s debt. By partnering with private developers, public institutions saw an opportunity to quickly and cheaply construct new college student housing without contributing to the state or university system’s debt.

OVERVIEW OF PUBLIC-PRIVATE PARTNERSHIPS IN STUDENT HOUSING

Public-private partnerships in college student housing take many forms, though in our review of the literature, we identified three common PPP models: 1) university land lease; 2) non-profit private foundation; and 3) equity financing (Bernstein, 2010; Bronstein, Taylor, & Samuels, 2010; Cole, 2012; Gagliano, 2015; Lewandowski & Bielat, 2010; Sanseviro, 2010).

In the first model, the university land lease, an institution owns land it leases to a private developer, and the developer then commits to financing, constructing, and managing the housing facility. Leases are typically negotiated for an extended period, for example 30 or more years, during which time the institution maintains fee ownership of the land but student fees or rent go to the private developer. In the non-profit private foundation model, an institution enters into a long-term ground lease with a non-profit private foundation or an affiliated non-profit entity, which is able to issue tax-exempt

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1 “Auxiliary bond” refers to a bond issued by an auxiliary enterprise (e.g., student housing) in higher education. In this case, a housing department is the issuer of the bond, seeking to borrow money from investors to construct new facilities. In exchange, the housing department agrees to repay the money with interest over a specified time period.

2 Private entities, such as Moody’s and Standard and Poor’s, provide ratings or evaluations of a bond issuer’s financial strength. In other words, their ability to pay a bond’s principal and interest in a timely fashion.

3 State and local governments assess their total debt relative to income as a means of establishing limits on future borrowing. “Debt capacity” refers to the total amount of debt a state can assume without risking its ability to meet repayment obligations.

4 “Equity financing” refers to raising money in exchange for ownership shares in a business venture. In this case, a private developer supplies all or part of the money for a new student housing facility in exchange for total or partial ownership.
bonds to finance construction. Funds from the bonds are used to also pay the developer a fee, which covers a suite of services, including hiring contractors, managing construction, and delivering the final product. Student fees or rent are first used to service the debt, after which they go to the institution for operating revenue, or reinvestment. In the third model, equity financing, an institution and the developer jointly own the new housing facility and share risk in the venture. An institution either leases land or a building to the developer in exchange for an equity stake in the housing facility. The developer finances the remainder of the project and assumes all of the construction risk. Although the majority of the revenues from student fees or rent go to the developer, the institution receives a percentage based on its equity share. Equity financing has become an increasingly prevalent model due to restrictions on institutions’ ability to issue bonds to finance new construction. In other words, the aforementioned state policies restricting institutions from issuing bonds to borrow money meant that many housing departments needed an alternative route to secure capital to undertake construction projects. Equity financing also became popular because of the involvement of real estate investment trusts, such as American Campus Communities and Education Realty Trust (EdR), which are companies that own and operate income-generating real estate. Many of these companies earn profit by financing construction of new student housing facilities in exchange for equity (or ownership interest) in the venture.

Selecting the model that best fits an institution’s needs often depends on how much risk the institution is willing to assume and how much control over the facility it wants to exercise. Bernstein (2010) suggested that the “learning curve” for many institutions entering into partnerships with developers centered on “the type of deal structure most appropriate for the project,” which is “closely followed by the particular set of controls that the institution should seek to maintain over the life of that project” (para. 2). For developers, one advantage of PPPs is mitigation of risk, as they are granted favorable locations on or near campus that ensure reliable demand for the housing they are financing (Bernstein, 2010), making PPPs reliably profitable (Sanseviro 2010). While institutions clearly see advantages in partnering with private developers, the literature also identified a range of disadvantages. Table 1 presents a list of advantages and disadvantages that frequently appear in the literature on PPPs in college student housing.

**METHODS**

This study is framed as a multi-site case study of three public research universities intentionally selected as cases for insights they could provide about the phenomenon of PPPs. Case study methods guided our approach for prolonged engagement at each site with multiple stakeholders (Stake, 1995; Yin, 2014). The following research questions informed the study and framed our data collection methods:

1. What conditions gave rise to PPPs in college student housing?
2. What are the structures and main outcomes of PPPs in college student housing?

Data were collected at three research-extensive, public universities, two of which are the flagship institution in their respective states. Each researcher led data collection efforts at one of...
the three institutions. We identified the following institutional pseudonyms to maintain confidentiality for participants: (a) Atlantic State University (ASU), (b) University of the Foggy Mountains (UFM), and (c) Somerset University (SU). We also assigned pseudonyms to the private developers, which were often nationally recognized companies, to protect the institution-developer relationship: Apex, Colonnade, Collegia, and Portico. Sites were intentionally selected using the following criteria: (a) The institution had recently entered into a PPP in student housing, (b) The respective PPP represented a distinct type of partnership, and (c) the institution was accessible to the research team through campus gatekeepers who served in senior administrative positions in student housing (Creswell, 2014). Because each of the three case study sites is a large, public institution with a research mission located in an urban area, we were able to compare across sites; however, the unique nature of the PPP at each site also allowed the research team to examine the effects of different partnership models.

One strength of case study methodology is the use of multiple sources of data to triangulate findings (Stake, 1995; Yin, 2014). During data collection, we immersed ourselves into each campus and collected data through in-

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<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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<td>Frees up capital for other facilities</td>
<td>Steep learning curve centered around the most appropriate partnership model</td>
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<td>Ability to construct new facilities without directly contributing to the</td>
<td>Potential for institutions to sacrifice control</td>
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<td>debt capacity (i.e., “off-the-books”)</td>
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<tr>
<td>Expedites the development and construction process</td>
<td>Opportunity costs associated with land</td>
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<td>Potential for reduced construction costs</td>
<td>Deterioration of cheaply-built buildings</td>
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<td>Access to private developer expertise and latest design trends</td>
<td>Investors may press for greater returns, leading to cost cutting or rate increases</td>
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<td>Allows housing department staff to focus on student development and</td>
<td>Cultural conflict between housing department and private corporation</td>
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<td>learning</td>
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<td>Ability to support enrollment management objectives of institution</td>
<td>Increased complexity of deals, reducing benefits for institutions</td>
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<td>Student confusion regarding where to direct concerns/questions</td>
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Note: This information is a synthesis of the available literature on PPPs in student housing (e.g., Bernstein, 2010; Bronstein, Taylor, & Samuels, 2010; Cole, 2012; Gagliano, 2015; Lewandowski & Bielat, 2010; Sanseviro, 2010).
and effects of PPPs on meeting institutional and departmental goals, and (c) challenges and opportunities associated with PPPs. The team conducted a total of 29 interviews across the three sites; between six and 13 at each site. Most interviews were conducted with campus stakeholders (n = 27) compared to private developers (n = 2).

All data were analyzed using a constant comparative method where data were repeatedly reviewed to develop and refine codes and themes that represent our findings (Glaser & Strauss, 1999). During the first phase of analysis, each member of the research team independently coded the data from its respective site using an open coding process that yielded unique codes for each site (Creswell, 2014). During the second phase of analysis, we met to discuss our individual analyses and examine codes across sites. Through a series of discussions, we refined our initial codes and identified themes that represent the nature of the PPP relationship at each of our sites. Prior to the final phase of analysis, each member of the research team developed analytical memos that provided an in-depth description of each site. We expanded these memos into the institutional profiles below, which were used in the final phase of analysis to identify lessons for practice.

INSTITUTIONAL PROFILES

Atlantic State University

Institutional context. Atlantic State University is a public, research-extensive institution in the Mid-Atlantic region of the United States. In fiscal year 2015, 26% of the university’s budget came from state funds, down from 40% in 1988. Whereas other institutions increased
tuition to meet costs, state policies mandated a tuition freeze between 2007 and 2011 to stem rising prices for students. Thus, the university was situated in a challenging financial landscape that necessitated budget cuts, prohibited pay raises and requiring furloughs of personnel. ASU is located in an urban environment in close proximity to a major metropolitan area. In the last 10 years, there has been an explosion of private development surrounding the university, with numerous new apartment complexes that cater to students within walking distance of campus.

In the early 1990s, Atlantic State University became more selective and reduced enrollment in an effort to improve its position in national rankings. As ASU’s national reputation improved, it experienced higher yields of admitted students. By 1996, demand for student housing at ASU exceeded supply. The university’s housing department ran a waiting list of more than 1,000 students and even leased a nearby hotel to achieve the required number of beds. In the words of one mid-level administrator in the housing department: “We needed housing and we needed it fast.” In the past, new residence halls were typically constructed through auxiliary bonds issued by the housing department. Policies enacted by the state university system prohibited self-support (or revenue-generating) units from constructing buildings that would increase the system’s overall debt. As the director of housing facilities explained, “The [state’s] AAA bond rating was not going to be jeopardized by having projects that were just for housing when the academic community ... needed its buildings.” If ASU was going to build new housing facilities, it would need to finance the project without affecting the system’s bond rating.

**Seeking alternative finance arrangements.**

Facing a multi-year bed deficit, ASU started looking into alternative finance arrangements. Aware of increasing national discussion of PPPs in campus housing, the vice president for finance created an assistant vice president (AVP) for asset management position in 1998. This person specifically helped ASU explore options related to PPPs. ASU issued a request for proposals for apartment-style housing catering to upper-division students shortly after the AVP arrived. The hope was that upper-division students would move off campus, creating space for a larger number of first-year students. A development company, Apex, proposed to build an entirely private apartment complex adjacent to campus; however, ASU proposed instead that Apex work collaboratively with the university through a public-private partnership.

Apex agreed and purchased the land adjacent to campus on which the apartments would be built; they then gifted it to ASU. For its part, the university established a 501(c)(3) (26 U.S.C.§ 501) non-profit organization, which one interviewee described as a “quasi-public investment arm,” responsible for issuing and managing bonds. Using this form of debt financing, ASU paid Apex a developer fee to build the apartment complex, then negotiated an agreement for Apex to manage the property for an additional fee. Because the bond was issued by a separate non-profit organization, the project, according to one interview participant, was considered “off-the-books” – or absent from the institution’s balance sheet.

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5 For comparison, the institution’s on-campus housing stock included approximately 9,500 beds in 2016.
The following year, ASU sent out a request for proposals for a second PPP for on-campus apartments, where ASU’s housing department staffed all non-facilities positions. A second development company, Colonnade, successfully bid to develop and manage the apartments. Over a 10-year period, Colonnade constructed several buildings consisting of more than 2,000 beds and eventually managed both of the institution’s PPPs. This partnership was negotiated between Colonnade, the non-profit organization, and the university’s trustees. The negotiation did not include ASU housing department staff. As one interview participant explained: “Usually it (the partnership negotiation) is a very legal thing. It’s usually at a high level. The signature for it from our university does not come from [the housing department]. It’s higher up in the administration.”

A “win-win” scenario? ASU’s logic in pursuing public-private partnerships was to build new housing quickly and at lower cost without contributing to the system’s debt. As one mid-level housing administrator at ASU put it, “I think PPPs are very, very attractive for campuses that can’t afford the debt … or that are looking to strategize and trying to fund other projects when they have competing needs.” Several interview participants described ASU’s public-private partnerships as a “win-win.” For example, the former assistant vice president mentioned above recalled, “The developer was getting a fair market fee. The students were thrilled with the brand new housing. The university was happy that the students were happy, and that they were meeting the needs that they had with all these new freshmen.” Additionally, ASU had negotiated that anytime Colonnade surpassed its goal of 97% occupancy, the “surplus” revenue from student rent would be paid back to the university as ground rent. An upper-level administrator of housing facilities noted, “[Colonnade] very much wanted to succeed here. We wanted them to succeed here. We wanted our students to have a good experience one way or another. … I think it was a happy marriage.”

Although ASU and Colonnade view their partnership as a success, there were still challenges throughout construction. From the outset, ASU and Colonnade encountered questions, the answers to which required substantial deliberation. According to the principal owner of Colonnade: “A lot of those questions actually went up beyond the university level to the system level, state level, the attorney general’s level.” In particular, he stressed there was uncertainty around issuing permits and conducting building inspections. The director of housing facilities conceded, “Were some of us uncertain? Sure. [Was the approach] untried? Yes.” Despite this uncertainty, they moved forward with the partnership because “all of the folks who were here understood there were no options. The [university] system kind of held the cards.” As the institution moved forward, the housing department realized a public-private partnership entailed some loss of control. For example, the department had no say in the unit type within the buildings. Apartment-style housing was the only realistic option, in part because rating agencies like Moody’s were more likely to view the construction as “off-the-books” if it was an apartment building that could, if needed, transition to private rentals.

Challenges in everyday practice. The partnership required extensive relationship-build-
ing, coordination, and communication, which made the everyday work of residence hall staff more complex. Once the housing was brought on line, there needed to be frequent meetings and conversations with Colonnade and, as one resident director assigned to the PPP related, “I can’t just make a decision about what’s going to happen here. I have to go and talk to them.” The unique policies and administrative

Since the PPP housing was built, high-end apartment options have saturated the off-campus housing market, compelling Colonnade to more aggressively market to students.

processes involved with the PPPs occasionally produced tension between ASU and Colonnade staff. For example, the resident director noted that Colonnade preferred buildings at 100% occupancy and strongly discouraged lease-breaking. As a result, the resident director was not easily able to relocate someone in the event of conflict. This can be taxing on both the housing staff and students: “Let’s think about the students that are really paying the price here and living in a situation where they’re not comfortable, where they’re not wanted, or where they don’t even go home [to their apartment] because the environment is so bad and there’s nothing we can do to help.” Although the regional manager of Colonnade emphasized they are not motivated by money, they agreed frustrations sometimes emerged due to differences between the “Colonnade way” and “ASU way” of operating. When questions or problems arise, students are not always clear whether they should speak to the housing department or Colonnade, and many misunderstand that they signed a lease, which carries different rules and restrictions compared a traditional housing agreement.

The evolving college student housing landscape. While ASU considered its public-private partnerships successful, the housing landscape has changed and new challenges loom on the horizon. ASU initiated its public-private partnerships in what the principal owner of Colonnade called the first five years of a 20-year wave. During this time, according to the former assistant vice president for asset management, it was “much easier to make the numbers work.” Furthermore, there was little competition from off-campus providers, meaning ASU enjoyed high student demand. However, the state university system has become skeptical of PPPs and instituted a moratorium on their use after a particularly bad experience at another campus in the system. Since the PPP housing was built, high-end apartment options have saturated the off-campus housing market, compelling Colonnade to more aggressively market to students. ASU’s housing department has explicitly shifted its attention to housing students in their first two years, seeing their market niche as providing a traditional residence hall experience. These changes may introduce new tensions or exacerbate existing tensions in coming years.
University of the Foggy Mountains

Institutional context. The University of the Foggy Mountains (UFM) is a public research-extensive university located in the Southeast region of the United States. It is located in the urban center of a city of approximately 200,000 residents, which surrounds the campus and blurs the distinctions between campus and community space. The university’s status as the flagship institution provides a vibrant academic and social climate on campus, particularly Greek life and athletics. Proximity to community resources (e.g., shopping, restaurants) makes campus accessible to students and community members. With the exception of a natural barrier to the south of campus, UFM is encircled by residential communities that include student housing options.

UFM suffered from limited state support that contributed to a 40-year gap between developments of new housing facilities on campus, in addition to many outdated buildings across campus. The lack of adequate services for students (e.g., air conditioning) as well as desired amenities (e.g., private bathrooms and study spaces) contributed to the development of a “one-and-done” culture where students lived on campus only during the requisite first year. The outdated facilities, limited amenities, and culture of moving off-campus after the first year created an ideal environment for off-campus competitors to emerge. In addition to providing amenities that the university could not (e.g., free TVs, hot tubs, and tanning beds), some private off-campus options are located closer to campus than some new and existing on-campus housing options. Private companies also began marketing to first-year students as early as November and provided open contract options that UFM could not—until a revised housing selection process was implemented two years ago. Although this adjustment was helpful for returning students, administrators acknowledged that they were well below full capacity and were “hemorrhaging” upperclassmen. One reason was the long overdue needs for new and improved facilities, which were under way at the time of interviews. One senior administrator commented: “Facilities-wise, they needed a lot of work. There was a lot of patchwork that I had observed, there was a lot of deferred maintenance. …The staff did the best they could, but we really needed new facilities.”

Despite a need for new buildings with modern amenities that could compete with an evolving private market and increasingly competitive market for students from regional state institutions, UFM decided not to engage in a PPP for future construction. The university’s decision was shaped by three factors: (a) the campus culture at UFM, (b) a recently failed PPP, and (c) the rebranding of campus housing as a significant contributor to student learning and development. Administrators at UFM have implemented initiatives (e.g., open housing selection process, marketing plan) to realign housing’s brand identity with the institution’s mission and address service gaps private competitors cannot match. The failed PPP resulted in the purchase of an off-campus residential hall from a private developer, for which housing remains obligated to finance and manage. This negative experience, as well as stories of negative PPPs at other institutions, contributed to UFM’s commitment to develop new facilities through more traditional means.
A culture of tradition. Amidst a tradition-oriented institutional culture, specific traditions became associated with campus residence halls because they remained largely unchanged for more than 40 years. For example, certain residence halls had become recruitment centers for specific fraternities and sororities. Multiple generations had lived in some residence halls, which carried specific visitation guidelines (e.g., no men after 11 p.m.). Enduring these basic conditions in some halls was viewed as rite of passage for first-year students. This culture of tradition provided some appeal for students historically; however, UFM began losing significant numbers of upperclassmen from housing that threatened its viability. The assistant director tasked with room selection noted, “We’re really going to start to see how that legacy piece impacts us where a lot of the students wanted to live in the building where their parents lived. Or you had to live in [a specific hall] to get in your sorority according to myth. ... As we move away from those and break those longstanding traditions, it will be really interesting to see how that [affects] our populations around.”

A failed PPP. UFM’s housing department funded its new initiatives through bonds rather than engage in another PPP. The decision was based, in part, on a failed attempt at a PPP that burdened the housing department with a loan for what multiple administrators characterized as “105% of the value of the building.” Approximately five years ago, the housing department was pressured to assume management of a building previously owned and operated by a private company that received funding from the university’s foundation. The building was located adjacent to campus, housed hundreds of UFM students, and had even hired UFM students as community liaisons in roles similar to resident advisors on campus. After just a few years of operation, the building had deteriorated significantly and housing department staff often fielded complaints from parents and students who lived in the facility. Senior administrators at UFM described the failure of the PPP as a result of both a poor financial approach and a lack of trust among the partners. One official noted that “The [UFM] board of trustees decided that they wanted to dabble in the real estate market ... and everyone who had been in the profession long enough to have any sense about this, was telling [UFM], this is a mistake. They don’t have the expertise to do it.” A second administrator more directly pointed to financial issues and mistrust among partners: “We didn’t plan on it at the time and when ... the developer wanted to get rid of [the building], I think the [UFM] president was in cahoots with the developer and so [university housing was] told to buy it. Like $56-$57 million. Now, we have it in a debt.” Thus, the housing department was forced to purchase and manage what began as a partnership between the university foundation and a private developer.

When the housing department assumed management, it also assumed the debt and maintenance on a poorly managed and maintained building. The sprinkler system did not meet code requirements, residents had been allowed to own pets and to smoke, and the overall building construction quality was lower than the standard for on-campus facilities. Accordingly, many administrators at UFM lacked trust that another PPP would not leave them in the same situation – burdened with unnecessary debt from a building over which they had
only limited control during the design and construction process. This experience, coupled with negative stories from peers at other institutions, discouraged UFM from engaging with a PPP for subsequent housing projects.

**Emphasis on student learning and development.** Despite the lack of interest in engaging with PPPs, the housing department at UFM was not immune from pressure associated with private housing options for students. They also recognized they could not compete with the amenities offered by off-campus competition. Instead, the housing department at UFM committed funds to marketing and the rebranding of their identity as supporters of student learning and development. This effort did not require housing to adjust their services; they simply began to push the message that living on campus benefitted students academically and socially, enhanced their engagement with campus services, and contributed to their overall success as students. Comparing UFM to private competition, one senior staff member commented, “Even if we have the money, we were never going to [offer private-type amenities], not even if we could, we would not. It was refocusing our attention on ... having an academic, safe, and fun environment for our students to live on campus and be part of our campus, and if they want to remain engaged and a part of what life is like here, then they stay on campus.” UFM committed new full-time staff members to marketing and living learning communities (LLCs). Additionally, new housing options integrated classroom spaces, where LLCs could host class meetings, and common and study spaces that support students’ working individually and in small groups.

**Somerset University**

**Institutional context.** For more than 170 years, Somerset University (SU) fulfilled its founding purpose of educating the local residents of a burgeoning, middle-American river port. In the early 2000s, led by a new president, this institution of 20,000 mostly commuter students began vigorous pursuit of a more expansive mission as a nationally recognized research university. Evidence of progress can be seen in the doubling of external research funding; new and newly renovated research, academic, and cultural facilities; and even new membership in a highly competitive athletic conference. Campus leaders have also touted SU’s success in recruiting and retaining a more geographically dispersed, academically competitive student body. SU deemed this shift in the undergraduate profile critical to its national aspirations, and college student housing emerged as a key component of Somerset’s repositioning efforts.

Fifteen years ago, SU housed fewer than 10% of its undergraduate students in 1600 on-campus beds. As efforts to shift the undergraduate profile commenced, the outgoing senior business officer recalled, “The need for housing was immediately apparent as we actively pursued more competitive students. ... More students were wanting to live on campus and in concentric rings around campus.” Building additional on-campus housing was blocked by the state legislature, which voted in the mid-1990s to sharply curtail use of bonds for campus construction projects and signaled its unwillingness to support new residence halls. Consequently, SU turned to its university foundation for help addressing its emerging housing needs. The result has been a variety
After 15 years, Collegia has the longest tenure at SU of any housing partner, yet staff members from both organizations recalled how the first several years of the partnership were marked by territorialism and fear, underscored by an absence of trust. Of contractual housing partnerships negotiated with national and local developers. Daily oversight of campus housing and all SU housing partnerships rests with the director of campus housing, who reports to both senior financial officers for the university and its foundation, as well as the Vice President for Student Affairs. Today, more than 40% of SU undergraduates live either in previously existing campus housing or housing added during the past 15 years through one of three SU housing partnerships.

**Working through mistrust.** SU’s first partnership was between the foundation and Collegia, a national corporation that develops and manages college student housing. The SU foundation leveraged its financial resources and relative autonomy to build a number of apartment- and suite-style residential facilities. Rather than add campus housing staff, the foundation contracted with Collegia to manage typical residence life (e.g., student programming, duty coverage, student conduct) and operations (e.g., assignments, maintenance) functions. After 15 years, Collegia has the longest tenure at SU of any housing partner, yet staff members from both organizations recalled how the first several years of the partnership were marked by territorialism and fear, underscored by an absence of trust. Despite expectations that they work together toward the shared goal of housing SU students, a member of the housing department’s operations staff remembered it was “our side versus their side … significant fear that we would be absorbed by what they were doing. As I’ve come to know them, there was equal fear on their side that we would want to reabsorb their spaces.” This fear seemed less a product of the contract and more the result of growing pains associated with a new relationship.

The partnership took a decidedly positive turn in the late 2000s when campus housing and Collegia decided to merge systems, processes, and policies for coordinating housing assignments and adopt a shared housing agreement. Streamlining housing processes for students (and staff) seemingly opened the door for collaboration, including hiring and training of resident director and resident assistant staff members. One Collegia vice president described the relationship as “seamless” and credited it with slowing increases in their room rates. Having worked first for campus housing, the person in charge of Collegia’s operations at SU serves as both the official and unofficial second-in-command to the director of campus housing. In fact, this partnership has become so integrated that the organizational structure and marketing materials make it intentionally difficult for students, parents, and other outside observers to differentiate between the respective partners. The Assistant Dean for Student Conduct noted the ar-
rangement helps convey shared community standards, while the outgoing senior business officer gave a more practical rationale: “If something happens, a parent, a community person, a taxpayer is going to see it as the university, they don’t care what is [the university], what is whatever.”

**New partnership models.** A second partnership emerged between the university, the foundation, and Portico, one of Collegia’s corporate rivals, after a decade of the initial partnership. Almost from the outset, Portico sought a degree of integration and status with SU similar to that developed over time with Collegia, though at an accelerated pace. The addition of a second partnership has created some challenges. The campus housing director explained: “At least according to [Collegia], we are the only campus that has both [Collegia] and [Portico] on campus. That’s just a challenge all by itself. ... Those are two very different partners and trying to get them to operate in-sync with campus housing is a challenge.” One reason this is a challenge, according to a senior financial officer, is that “They [Collegia and Portico] don’t like each other, corporately. It’s obvious.” University staff members who remember the time required to build trusting relationships with Collegia and the logistics of integration expressed concern that Portico was “not following the established blueprint.” Other student affairs staff members expressed wariness of Portico’s more corporate approach: “The general manager that’s coming on board [for Portico], she’s not a student affairs professional, she’s a leasing professional that works for a private company. That is a very, very different type of partner.” While too early to know how this partnership will pan out, demand for additional beds and sustained full occupancy across the board show it is helping to meet SU’s continued student housing needs.

The third and most unique partnership consists of the development of several SU-affiliate properties adjacent to campus and owned by private developers, including two properties owned by developers that the foundation recruited to purchase land and build student housing. Affiliates agreed to pay SU $200 per bed annually and agree to lease only to SU students. In exchange, affiliates received direct marketing access to SU students during designated periods, as well as limited support for student development activities. Affiliates compete aggressively for students and it falls to the campus housing director to referee disputes between affiliates over marketing and leasing practices. Affiliates are the most expensive housing options, yet many upper-division students prefer the independence, varied living arrangements, and amenities they afford. The campus housing director acknowledged affiliates’ responsiveness to the student consumer market: “They are way better at tapping into what students think they need and what students want. [One affiliate] put in Bluetooth-enabled shower heads, which has gotten more buzz among our students than any other feature.” Moreover, the campus housing director suggested that the affiliates’ competitive edge stems from the fact they do not need to be as concerned with student development:

> Some of our students are shiny object shoppers and whoever has the newest, coolest shiny object, that’s where they want to live. That’s what these private developers are good at ... partially because they are not limited by the bounds of student development
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and education that we are, so they can go right out there and say, ‘We’ll raffle off flat-screen televisions and all this cool stuff that people want.’

In other words, the campus housing director distinguished between the amenities-rich housing options provided by affiliates and the student learning and development-oriented options presented by traditional housing options.

LESSONS FOR PRACTICE

Several themes are evident across the three institutional profiles, many of which extend prior literature on PPPs in college student housing (Bernstein, 2010; Bronstein, Taylor, & Samuels, 2010; Cole, 2012; Gagliano, 2015; Lewandowski & Bielat, 2010; Sanseviro, 2010). These themes, which are tied directly to our interest in the origins, structure, and outcomes of PPPs, include: (a) the influence of strategic repositioning and institutional competition; (b) the role of the state policy context; (c) increasing organizational complexity; (d) third-party entities; (e) the significance of relationship-building and trust; (f) cultural clashes between private and public organizations; and (g) the student experience. We briefly explain these themes and draw from each of them lessons for practice.

Strategic Repositioning and Institutional Competition

The specter of competition from other institutions and the desire to strategically reposition for improved national reputation were crucial elements of the PPP origin story at all three institutions. For example, ASU’s first PPP was in direct response to increased demand for on-campus housing after the institution successfully repositioned to improve its national reputation and, as a result, yielded more accepted students. Similarly, SU saw the construction of new housing facilities as central to its strategy to become a nationally recognized research university that attracted more competitive students. Though less important to its experience with PPPs, interview participants at UFM also emphasized that decisions about college student housing were, in part, a factor of rising competition from institutional peers that had recently upgraded their facilities. However, it is important to note that becoming nationally recognized, attracting students, and competing with other institutions were not the only motivators; there was often simultaneously an acute need to upgrade aging and inadequate facilities that had degraded due to disinvestment. One practical implication of this theme is that shifts in institutional strategy can have dramatic consequences for college student housing. Our data lend support to the potential for PPPs to provide housing departments with a rapid response when strategy and/or competition force public institutions to change course (Bernstein, 2010; Bronstein, Taylor, & Samuels, 2010).

The State Policy Context

Data from all three institutions showed that PPPs were as much a product of necessity as the desire to capitalize on private-sector benefits like speed and flexibility. As Bernstein (2010) argued, the state policy context in many ways constrained the suite of options available to each of the institutions and, therefore, pushed ASU, UFM, and SU to pursue PPPs. Interview participants at both ASU and UFM explicitly discussed dwindling state support, which contributed to a lack of upgraded
housing stock, particularly as private developers near campus constructed amenities-rich options. The states in which ASU and SU are located both voted to restrict public funding or financing for the construction of college student housing. Turning to the private sector to build new housing was virtually the only viable option at these institutions, an option made more attractive by the speed and flexibility granted by partnering with the private sector. Interestingly, the state policy context also played an influential role in the decision to not pursue additional PPPs. For example, ASU did not pursue a PPP in the last five years as it continued to upgrade housing facilities because the state system placed a moratorium on PPPs after an especially negative experience at another institution. One reason why this theme is important is that several interview participants at ASU intimated that, in the absence of a restrictive state policy context, they preferred to construct new housing facilities through more traditional means. Thus, the data suggests that attractiveness of PPPs was magnified due to a context in which there were few, if any, other options.

**Third-Party Entities**

Confirming Lewandowski and Bielat’s (2010) observation, most of the partnerships in this study involved third-party entities, such as private university foundations or another entity affiliated with a given institution. Although university personnel contributed to the partnerships at nearly every stage of development, the contracting parties were technically two private entities, raising some question about the extent to which there was even a public partner in the PPP. Third-party entities afforded institutions greater latitude in negotiating with private developers, as foundations and other independent organizations are not subject to the same regulations as the public institutions with which they are affiliated. Moreover, the creation of a 501(c)(3) organization at ASU is precisely what allowed the financing of new housing facilities to be kept “off the books” and, consequently, separate from the state system’s debt capacity. However, the involvement of third-party entities sometimes brought challenges and controversy. At UFM, a foundation-initiated student housing development turned into an unwelcome partnership that soured the idea of using PPPs in the future. The data shows that the success of PPPs may depend not just on institutions’ relationship with private developers, but also on the nature of the relationship between institutions and the third-party entity that is pivotal to the deal.

**Increasing Organizational Complexity**

Based on data collected at ASU and SU, there is reason to suggest that PPPs are becoming more complex in terms of their organizational structures. ASU’s PPPs started in the late 1990s in what the Colonnade principal called the first wave of partnerships. During this time, according to a consultant who works with institutions that are pursuing PPPs, “it was much, much easier to make the numbers work” because the projects were typically debt financed. As a result, she explained, “In the early days, we had developers, now operators, who really had no one to serve but the university.” By contrast, many of SU’s more recent PPPs involved real estate investment trusts (REITs), which prefer to use equity financing. Partnerships involving REITs are more complex, in the eyes of the student housing consultant, because “[REITs]
serve the university and they serve their investors. They have to provide the return that they promised quarterly to these investors. The interests are not totally aligned anymore.” Thus, institutions often have to give up more control, specifically control over the rent that is charged to ensure sufficient return on investment, and so “the deals are much harder to do today.” The data in this study revealed progressively greater organizational complexity in PPPs, particularly in the use of REITs and equity financing. As a result, it is possible that partnering with private developers is less beneficial to institutions now versus in the 1990s as a result. In short, practitioners should bear in mind that the favorable partnerships established 15 to 20 years ago, many of which are used as exemplars in the field, may not be replicable in the present.

The Significance of Relationship-Building and Trust

The relationships between housing departments and the various private developers and managers with whom they partnered required substantial time, energy, and patience to mature. Many interview participants referred to their PPP using the metaphor of “marriage,” reiterating that partnerships are frequently structured to last 30 years or more and entail hard work. The early years of the initial partnerships at both ASU and SU included some conflict and even mistrust. In the case of ASU, it is possible that conflict was exacerbated by the fact that representatives from the housing department were not present during negotiations. Having all stakeholders involved in negotiations may improve communication and reduce conflict in the future. The lack of housing department representation in negotiations – and the potential repercussions – was not a topic that frequently emerged during interviews, yet merits additional study because of the role it may play in conflict and its remediation. Many of the problems between housing department staff and private developers were resolved over time through greater communication and coordination. At ASU, maintaining the relationship with Colonnade...
Cultural Clashes Between Private- and Public-Sector Organizations

Cultural differences between private developers and public institutions point to the need for intentional efforts aimed at promoting relationship-building and trust. Although institutions and private developers share many common goals (i.e., providing high-quality customer service, maintaining the physical integrity of facilities, and ensuring student health and safety), they may differentially value these goals and pursue them by different avenues. For example, though Colonnade wanted to promote student well-being, they were at times more interested in achieving full occupancy, which led to a strict policy against lease-breaking. This policy frustrated the resident director, who viewed the inflexibility as detrimental to students. Similarly, the values underlying the work of housing department staff may diverge in important ways from the values that guide the work of private developers. Some housing department staff members at SU were uncomfortable with what they perceived as Portico’s more corporate approach, contrasting it with their student-centered approach in the field of student affairs. The need for dialogue between institutions and private developers stems from cultural differences as the two organizations pursue different goals. Despite the best efforts of both sides, no amount of communication or coordination may completely remove the existence of conflict.

The Student Experience

Data about the student experience was decidedly mixed. On the one hand, the PPPs at both ASU and SU were clearly popular among students. At both sites, interview participants noted that the PPPs better responded to what students desire in housing because of their location, apartment style, and/or amenities. The PPPs at ASU, in particular, have enjoyed full occupancy for the entirety of their existence, which may reflect high student satisfaction. On the other hand, interview participants shared instances of student confusion over where to turn for assistance or answers to questions. This confusion is partly due to students’ lack of knowledge about how PPPs differ from traditional residence halls and partly because of intentional efforts to blur any distinctions between the private manager and the housing department. Moreover, at ASU and SU there was evidence that students paid more to live in PPP facilities compared to traditional residence halls. The higher prices were a factor of differential pricing that took into account facility amenities and the market rate of apartments in the area. Nevertheless, it points to the possibility that cost savings enjoyed by institutions in working with private sector partners (i.e., Bernstein, 2010) are not always passed on to students. The literature on PPPs includes no direct assessments of cost-savings, and our interview participants did not divulge this information. Thus, an important avenue of future research is analyzing the cost-savings of PPPs. Finally, both UFM and ASU detailed plans to emphasize more traditional residential experiences for students in their first years of college. These institutions opted to focus on what they saw as a market advantage in student learning and development, assessed through student satisfaction surveys and input during strategic planning sessions, rather than attempting to compete with private off-campus student housing through construction of amenities.
rich apartment complexes. Thus, any future construction of residence halls at UFM and ASU, whether through bond financing or a PPP, would likely reflect this strategic emphasis on student learning and development.

**CONCLUSION**

Our analysis of PPPs at three public research-extensive institutions demonstrates that PPPs often helped institutions meet strategic goals that involved college student housing. Two institutions, ASU and SU, generally had positive experiences with PPPs, while UFM’s foray into PPPs convinced them that they did not want to partner with private developers in the future. All three institutions teach important lessons for practice that college student housing departments should consider prior to initiating a PPP. These lessons should help practitioners weigh the costs and benefits of PPPs and, if they decide to engage in a partnership with a private developer, help to minimize conflict and increase the likelihood of positive outcomes.

**REFERENCES**


Discussion Questions

• Discuss what you believe to be the necessary modern amenities in high quality college student housing.

• This article describes key drivers that moved the featured institutions into considering public-private partnerships (PPPs). With your institution in mind, what drivers might impact leaders to consider this strategy for your campus?

• Public-private partnerships, while similar in some ways, tend to be highly customized based on the private entity, the institutional characteristics, and the reason the relationship is being pursued. With that said, how would you use other institutions’ experiences (as those described in this article) to influence the development of a partnership that best served your institution?

• In what ways can residential life/student development specialists contribute to building trust, minimize “culture clashes”, and ensure a positive student experience when a PPP is being considered or already in place?

• If you were to conduct your own research on the experiences of campus administrators with public-private partnerships, who would you interview and why? What three questions would you ask everyone you talk with?

Discussion questions developed by Diane “Daisy” Waryold, Appalachian State University, and Pam Schreiber, University of Washington