

# Housing P3 "State of the Industry" Report Results and Future Outlook

*Thursday, June 24*

# Introductions



**Jeff Turner**

Executive Vice President,  
Brailsford & Dunlavey



**David Clark**

Associate Vice President of  
Campus Life,  
Emory University



**Gavin Roark**

Director of Residential Life  
& Housing,  
Virginia Commonwealth  
University



**Michael Griffel**

Assistant Vice President for  
Student Services and  
Enrollment Management  
Director, University Housing,  
University of Oregon



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# Evolving Industry Context

P3/OUTSOURCING IS GROWING AT MOST CAMPUSES

**83%**

Of college leaders say their campuses are increasing partnerships with private firms

**53%**

Of college leaders say they are interested in turning to P3s to develop campus facilities and infrastructure

**42%**

Of college leaders see an opportunity to outsource online program expansion

**39%**

Of college leaders see an opportunity to outsource student housing

(Source: Education Dive, "Outsourcing is growing at most campuses, college leaders say")



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# P3/Outsourcing in Higher Education

Category	Low	High
Food / Dining	60%	75%
Housing	5%	10%
Cleaning	15%	35%
Grounds	15%	35%
Operations & Maintenance	<5%	10%

Source: Aramark, Student Housing Business

# Deferred Maintenance Getting Worse

## Facilities Renewal Backlogs are Eclipsing \$100/GSF



Source = Gordian

# COVID Impact

## CHALLENGES WITH P3 PROJECTS

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### THE CHRONICLE OF HIGHER EDUCATION

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CAMPUS HOUSING

## How Covid-19 Exposed the Cracks in a Public-Private Housing Deal

By *Scott Carlson* | SEPTEMBER 3, 2020



ANDRÉ CHUNG FOR THE CHRONICLE

Mallorie Hunt, a sophomore at Towson U., is caught between the university and the private company that runs her dorm. The company is not releasing students from their housing contracts even though Towson has gone online because of Covid-19.

#### TOP JOBS from The Chronicle

Faculty Professor Webinar Presenter and Course Content Writer  
Webinarclasses

Assistant Research Professor of Special Education & Multiple Abilities  
University of Alabama at Tuscaloosa

Dean, School of Education  
University of North Texas at Dallas

Director, School of Information Sciences  
University of Tennessee-Knoxville

Director - IU Regional Academic Health Center Simulation Center  
Indiana University School of Nursing

Search 14,814 jobs

The Washington Post  
Democracy Dies in Darkness

### U-Md. students stage protest, continue to fight lease agreements at campus apartments



Gavin Kohn, 21, leads a protest through the University of Maryland's campus in College Park. (Lauren Lumpkin/The Washington Post)

By *Lauren Lumpkin*  
August 16, 2020 at 1:25 p.m. PDT

Gavin Kohn, 21, signed his lease to live in the Courtyards, an apartment on the University of Maryland's campus in College Park, in February. The novel coronavirus, at that point, had arrived in the United States, but the then-junior didn't know it would upend the school year.

But as the virus raged on, it became clear his senior year was also in jeopardy. The university scaled back on-campus housing, announced plans to conduct 80 percent of undergraduate courses online and imposed coronavirus testing requirements. Kohn, and about 500 other students who had planned to live in the Courtyards and its sister property, South Campus Commons, started to feel wary about living in groups.

But, bound by their leases, they may be forced to do it, anyway.



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# COVID Impact

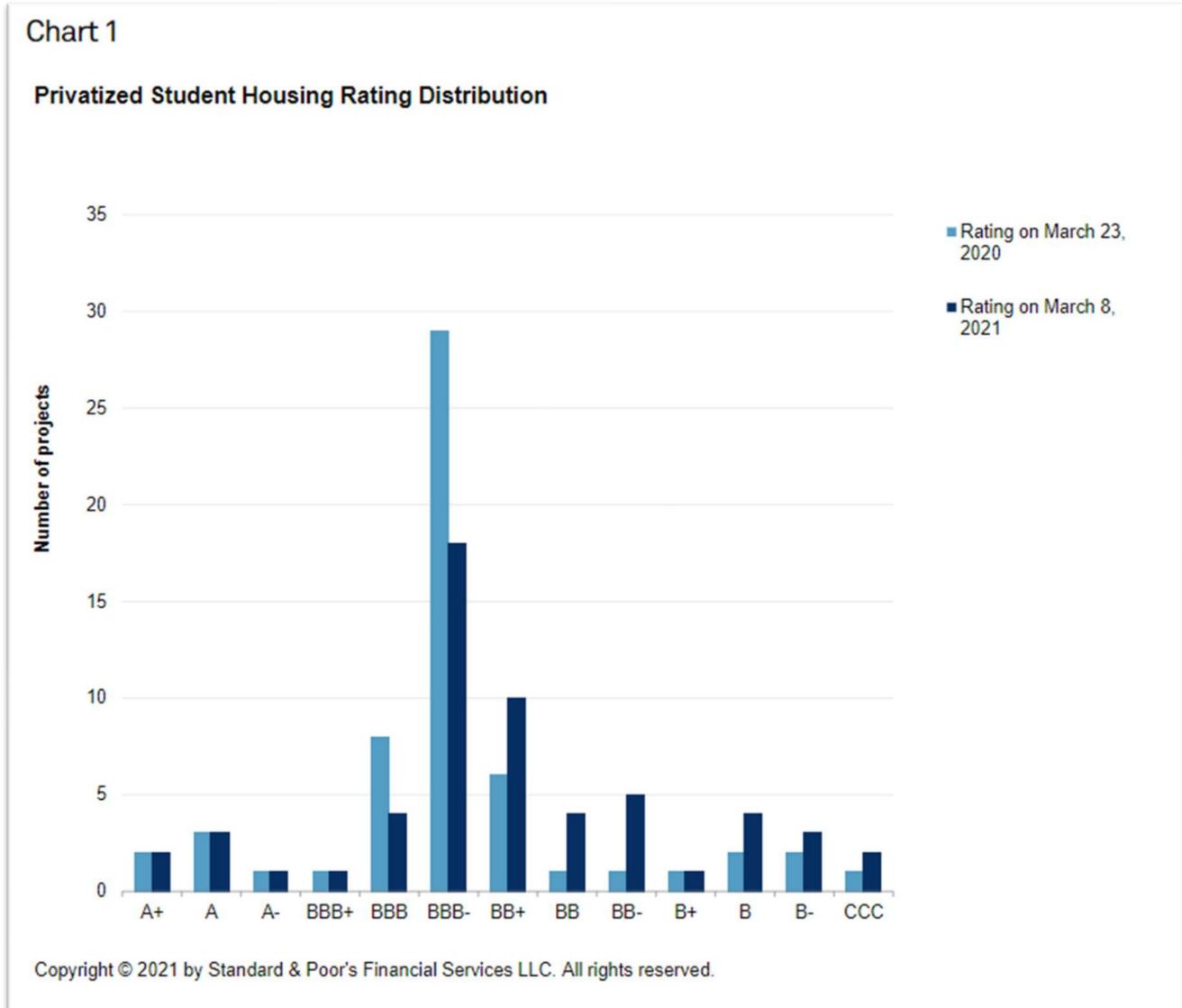
## CHALLENGES WITH P3 PROJECTS

**MOODY'S**  
INVESTORS SERVICE

SECTOR IN-DEPTH  
27 August 2020

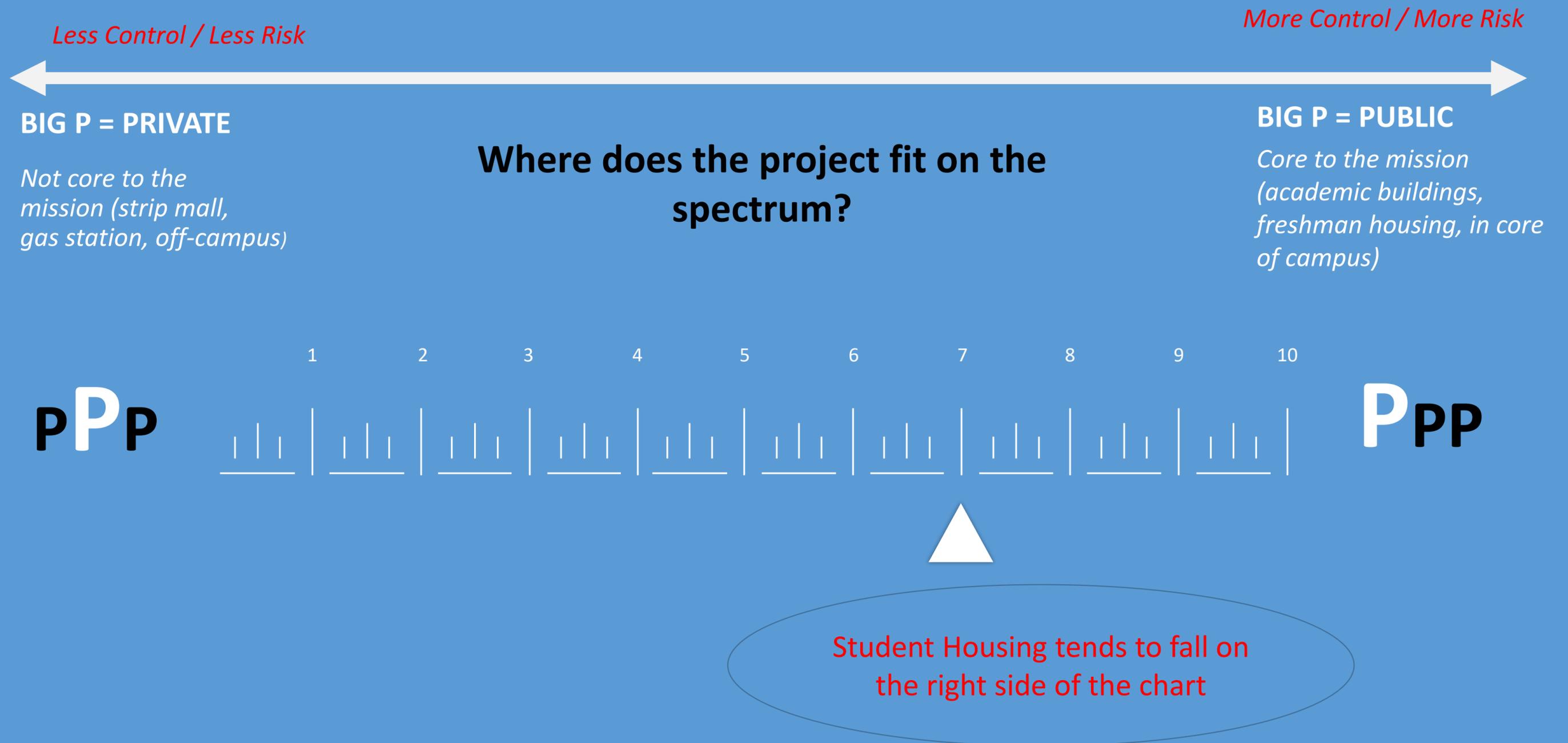
Cross-Sector – US  
**Coronavirus will slow pace of demand-risk PPPs for universities**

Rate this Research



*Continued pressures on privatized-financing deals; 34% of rated projects downgraded in the last 18 months*

# Public Private Partnerships – How Core is the Project to the school's mission?



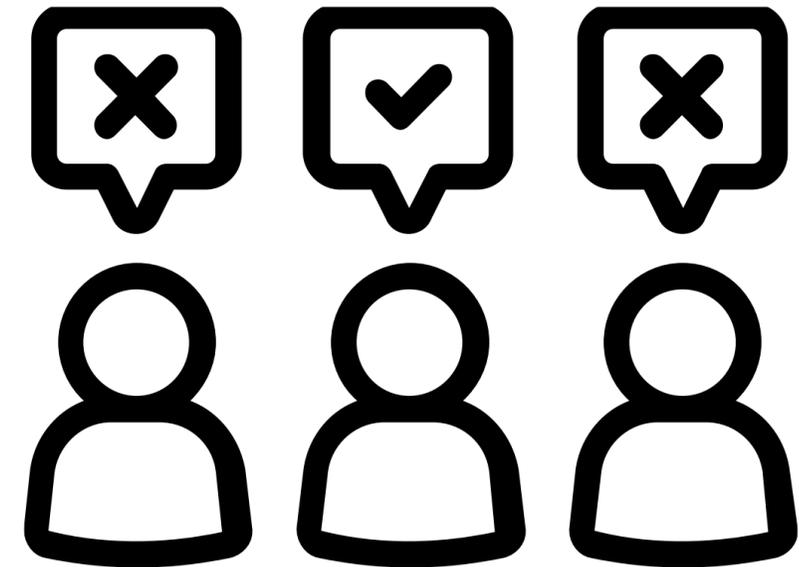
# The Annual Survey of Higher Education P3 Transactions



# Higher Education P3 Survey

## Guidelines:

- › Must be on the University or University Foundation's land
- › May include equity, 501c3, affiliated or unaffiliated foundations, fee development, or concessionaire structure
- › May or may not be privately managed



# Participating Entities



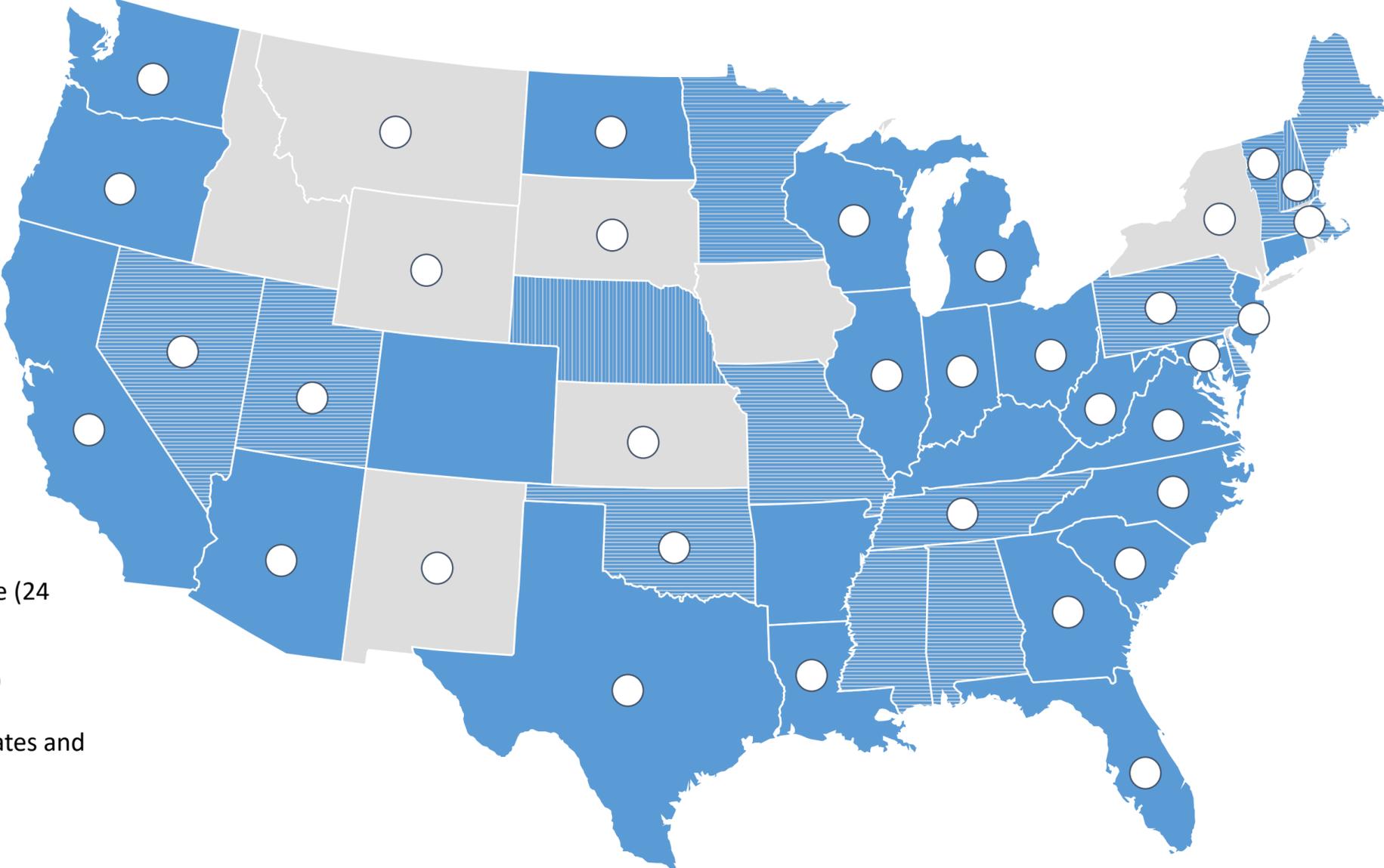
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# Public-Private Partnerships

ENABLING LEGISLATION BY STATE

**41 states enable P3s as of August 2018**

-  Enabling vertical and horizontal P3s to some degree (24 states and DC)
-  Enabling only vertical P3s to some degree (2 states)
-  Enabling only horizontal P3s to some degree (15 states and PR)



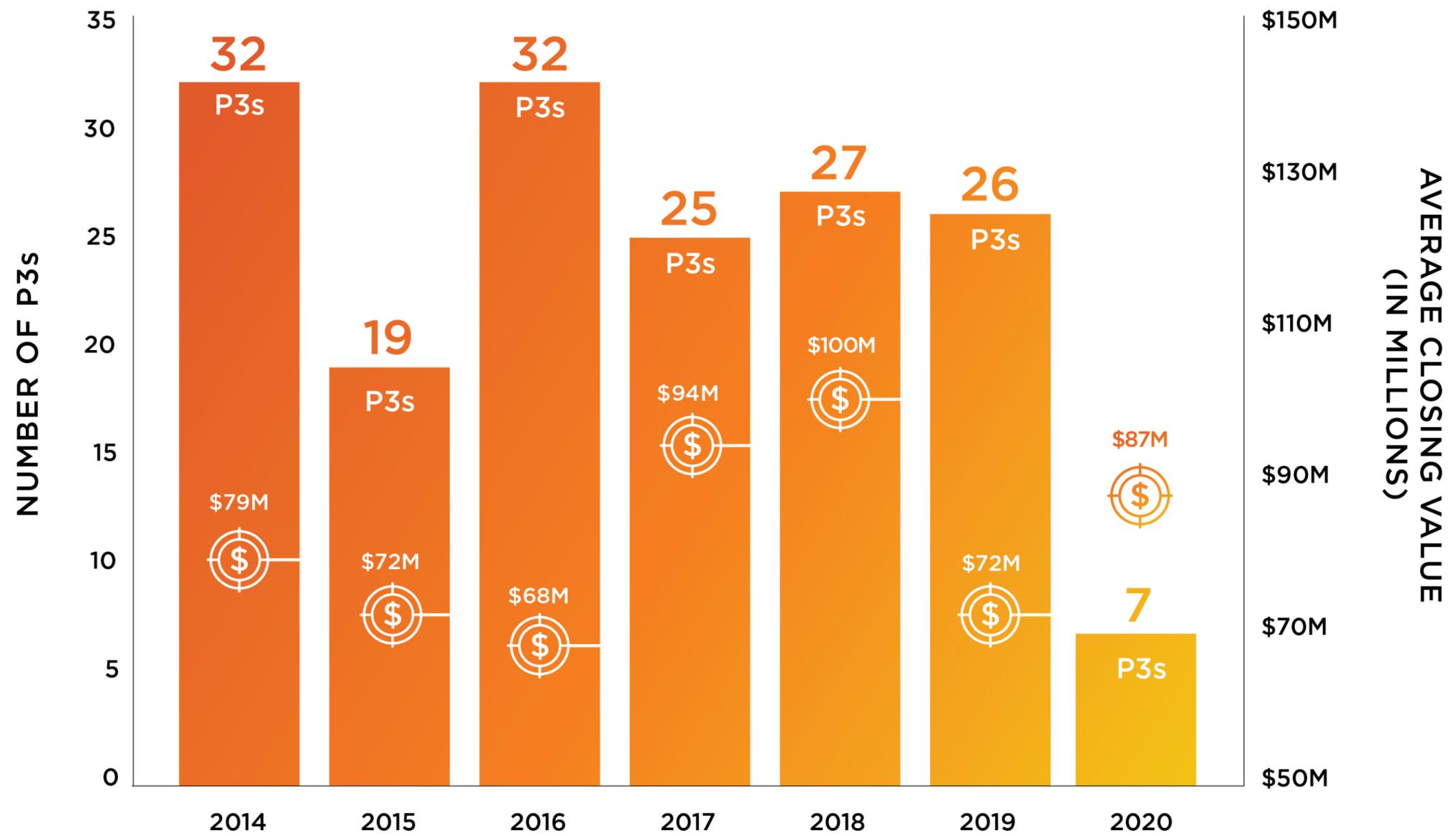
Source: Federal Highway Administration, fhwa.dot.gov

 - B&D involved in Higher Ed P3

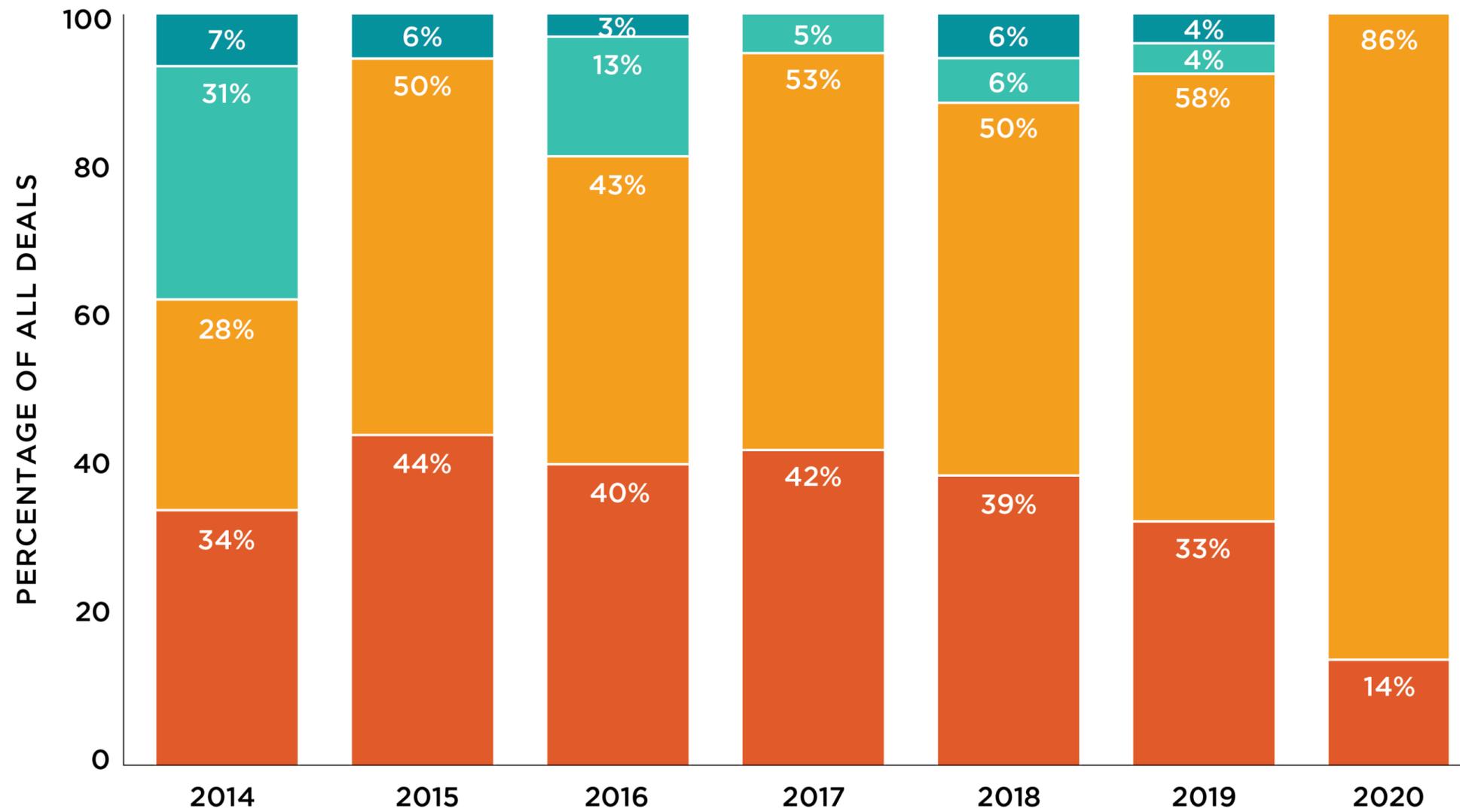


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Number of Housing P3s and Average Closing Value, by Year



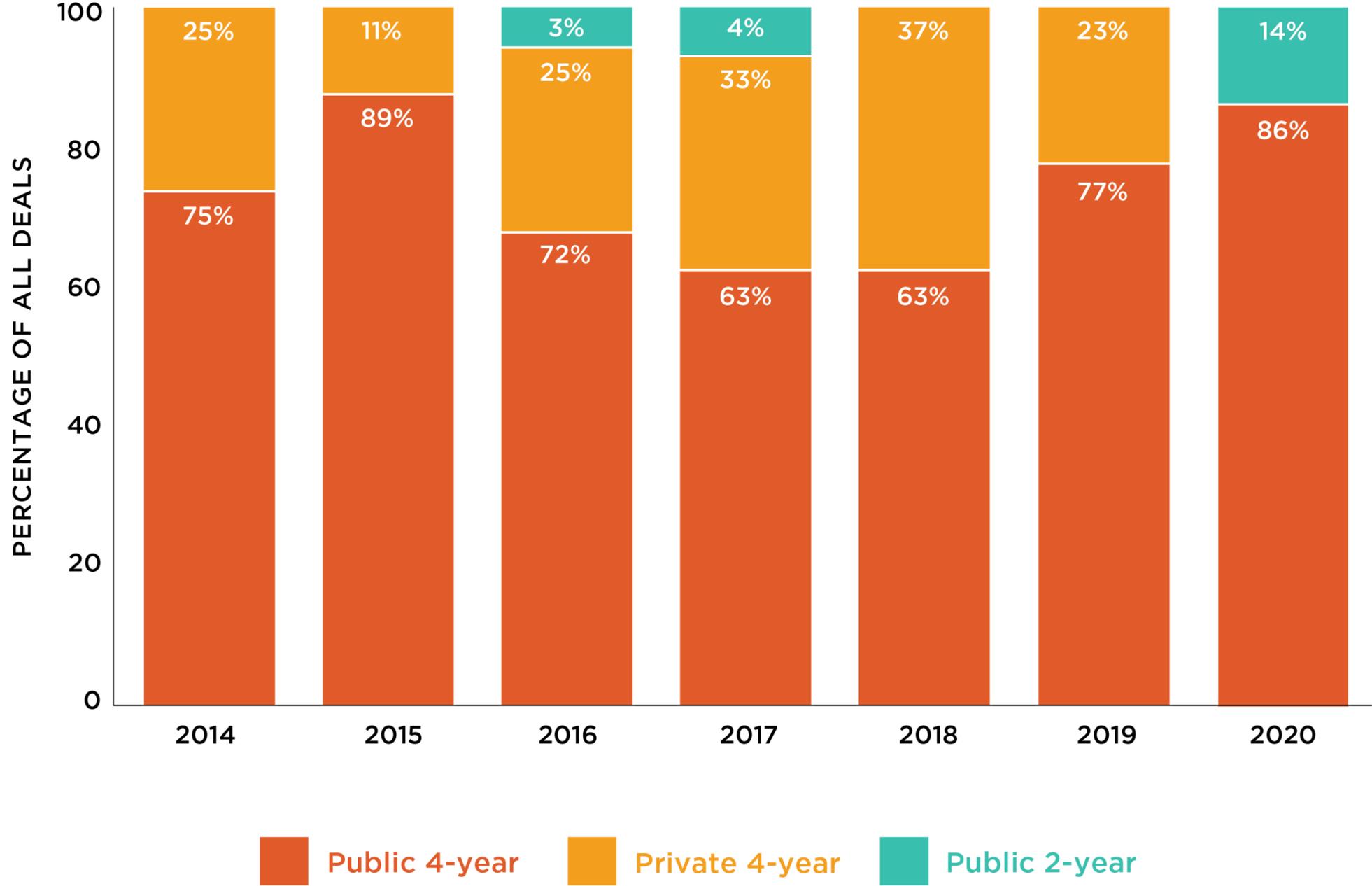
## Financial Structure of Housing P3s, by Year



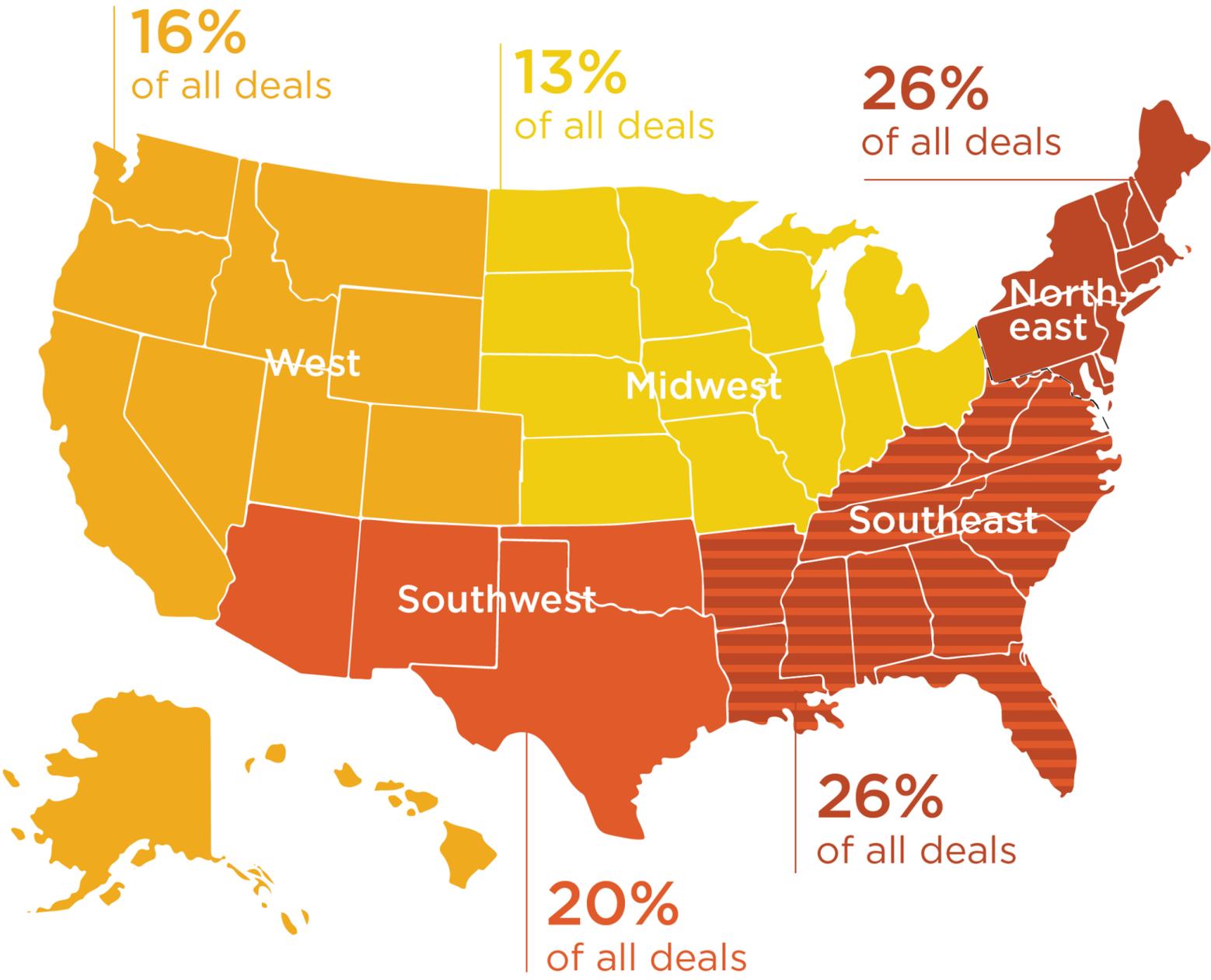
■ Developer Debt/Equity    
 ■ Tax-exempt    
 ■ Taxable    
 ■ University-financed



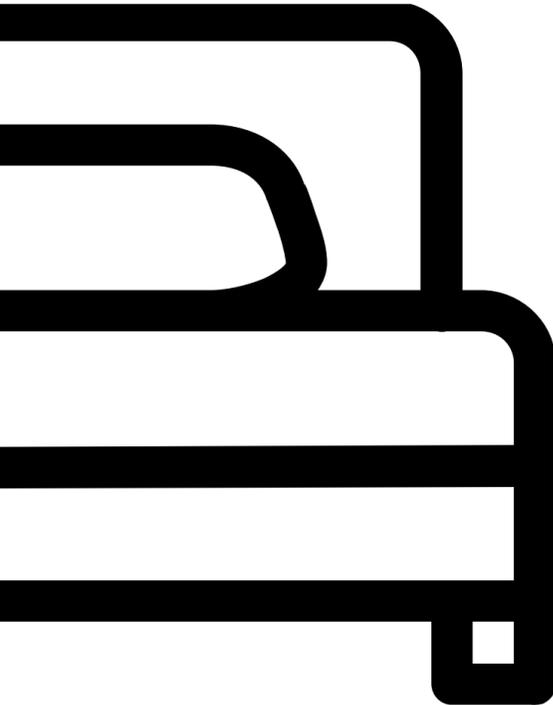
### Housing P3s by Institution Type, by Year



### Housing P3s by Region, 2014-2020



# 2020 Stats



**4,310**

new beds

**616**

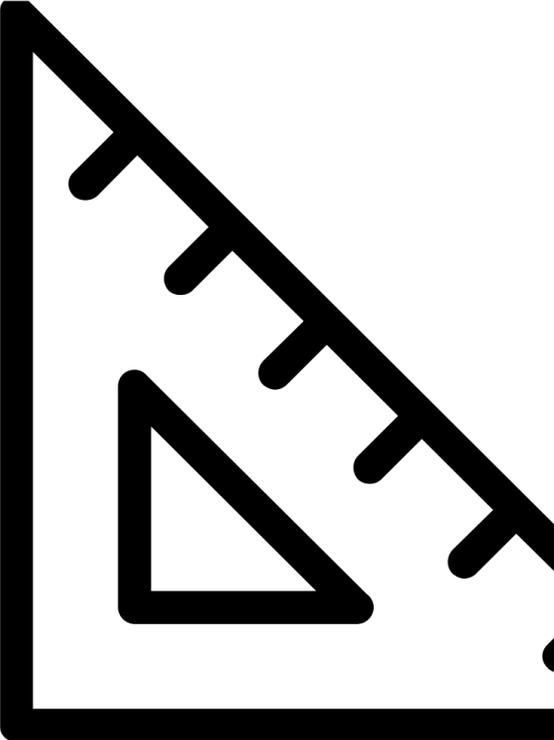
average beds

**1.35M**

total GSF

**192K**

average GSF



# Pipeline Projects



**120**

POTENTIAL PROJECTS IN THE PIPELINE



**\$11B**

WORTH OF NEW P3 PROJECTS IN THE NEXT FEW YEARS



**77%**

OF THOSE PROJECTS ARE IN THE SOUTHEAST, NORTHEAST, AND WEST

# Diversity of Pipeline



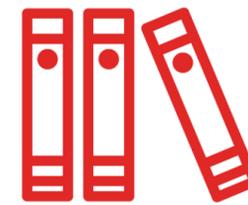
Housing



Mixed-use



Energy



Academic



Venues



Innovation  
Districts



Parking



Other

# A Look Ahead



**More political involvement and pressure**



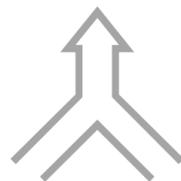
**Pre-development risks:**  
many projects failing to close



Issues with **construction pricing, supply chain issues, and labor shortages**



**Developers are being more strategic** about projects/ procurements



**Shared governance** continues to grow



**Larger, more complex P3 projects**



Increased focus on **graduate housing P3 opportunities**



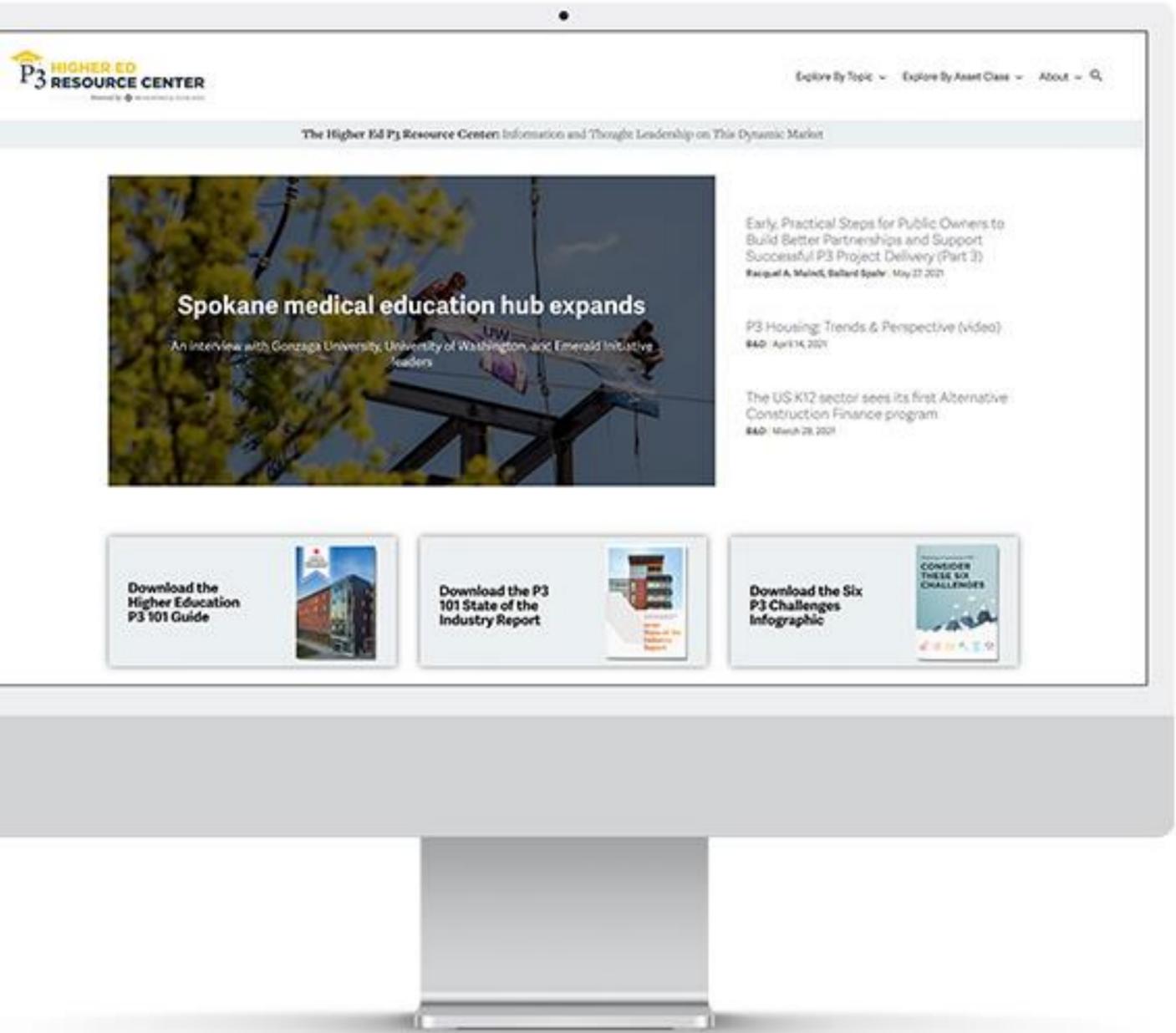
**Exploration of other sources of funds** (tax credits, USDA, and opportunity zones)



**Bundling of procurements**

# Additional Resources

P3RESOURCECENTER.COM



[jturner@bdconnect.com](mailto:jturner@bdconnect.com)  
202.266.3404



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# Panel Discussion

