University Housing Development: A PPP Approach

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Growth and financial constraint continue to hinder development in a multitude of areas in the public sector. Higher education has joined the growing list of public sector organizations turning toward the private sector for innovative solutions to the negative externalities of growth. On April 14, 2014, the University System of Georgia posted a request for qualified contractors for a first of its kind public–private partnership. Wishing to move away from its current long-term asset financing plan that utilized public–private ventures, and to move much of the bonded debt, the university system issued a call for contractors for the construction of campus housing on nine system-member institutions across the state of Georgia. In an effort to evaluate the importance of this contractual arrangement, a thematic analysis of publicly available contract documents is analyzed. We find that the university system's values associated with the project are best described as risk-averse behavior.

Keywords: Public Affairs, Public Private Partnership, Higher Education Policy

Higher education has joined the growing list of public sector members seeking innovative solutions in an effort to reinvent itself in a time of decreasing state revenue (Government Accountability Office, 2014). Higher education has to now rely more on tuition as a primary revenue source, forcing them to compete with other institutions for admissions. One of the areas in which universities compete with each other is through campus offerings such as new residential halls with amenities similar or better than those at other schools and at home. The University System of Georgia (USG) is one such public sector member embattled with refocusing the mission of a number of its public college and university campuses while also having to account for greater competition amongst its member universities for admissions. This internal competition has left USG with significant debt on its books, leading it to search for a way to entice students while not causing further financial hurdles.

On April 14, 2014, the USG, the public higher education system in the state of Georgia, posted a request for qualified contractors (RFQC) for a first of its kind public–private partnership (PPP). Wishing to move away from its current long-term asset financing plan of utilizing public–private ventures (PPV), and to move much of the bonded debt, the USG issued an RFQC for the construction of campus housing on nine system-member institutions across the state of Georgia and the absorption of at least one housing asset on each campus by a single concessionaire. The agreement also includes a contracting period that lasts between 30 and 60 years, depending on the terms of agreement between the USG and the concessionaire. Hired PPP managers will oversee this one-of-a-kind PPP system at the system and university level. This paper examines this unique PPP system for its practice as a case study with practical implications detailed.

In an effort to evaluate the importance of this contractual arrangement, a case study approach that examines themes within the publicly available contract documents is analyzed. These documents present the economic circumstances and the values of the USG. Additionally, they display the efforts to grow through the development of infrastructure across the various USG campuses. The documents reviewed are only those written by the USG (i.e., not submissions from potential contractors), and the study aims to address three principal questions using those documents and inferences from their findings:

Blair, B. L., & Williams, A. M. (2017). University housing development: A PPP approach. *Journal of Public and Nonprofit Affairs, 3*(3), 320-335. doi:10.20899/jpna.3.3.320-335

1. What are the rationales associated with the university system's decision to enter into a PPP arrangement for university housing?
2. What roles are identified for university housing and what implications loom from these views on housing within the system?
3. What are the implications on administrative practice associated with large-scale PPP arrangements?

The paper examines the concept of the PPP for its significance to administrative practice while also highlighting important elements of research on university housing for the present context. Furthermore, a brief explanation of the methodological technique undertaken for this study is provided to display the derivation of the information used to address the questions of this study. A discussion of the implications for higher education along with the use of PPP arrangements in new settings such as university housing also is provided. This discussion proposes a series of values that may emerge within other public higher-education systems while also detailing the importance within the context of the USG. Also, the use of this type of PPP arrangement is discussed for its implications to future public contracting endeavors. Using a review of the extant literature, the research is able to identify potential themes that may be present within the documents leading to the analysis and discussion.

Literature

In order to place appropriate context around the contract for university housing from the USG, previous research in two primary areas are identified and discussed. First, the rationale for using public–private partnerships is described. These discussions explain why public agencies consider PPPs as an acceptable option in public contracting. Second, the use of privatization of university housing explores past efforts to utilize contractors for more than just the construction of new housing units. This provides a review for how universities engage private contractors beyond the simple construction of new facilities and develops a basis for exploring longer-term relationships with these contractors for campus development. Prior to these reviews, a brief explanation of what a PPP is and its context in public contracting sets the foundation for remarks on rationale and university housing.

PPPs are more commonly associated with other forms of public infrastructure projects, especially in transportation. A clear definition on this form of contracting is embedded in the description of its makeup. There is not an agreed-upon singular form. Rather, a series of general principals describe how a PPP appears. These principals utilize a long-term contractual agreement, usually 20 or more years (Savas, 2000), to construct a partnership between a private contractor and public agency in an effort to accomplish multiple tasks associated with a public project. This type of arrangement permits the private contractor to take on a greater role within the execution of the project. This comes in the form of completing multiple tasks that are commonly found in different procurements. For example, if a road construction project is needed, a PPP would enable the public agency to contract for the construction, as well as operation and maintenance for a number of years following the completion of construction, to the same contractor. But the rationales behind public agencies utilizing such an agreement are relevant to the contractual situation.

Rationales for Public–Private Partnerships

Specific goals associated with these contractual arrangements tend to vary by agreement but have common rationales. A PPP is a relationally developed agreement built on mutual accountability (Wettenhall, 2005). Such accountability implies a common goal and equality. While the organizational goals are unique – efficiency for the public organization and a more stable return on their investment for the private organization (Runde, Offutt, Selinger, & Bolton, 2010) – for each partner, the contract and corresponding project assume the need for both sectors' expertise. Another unique feature of the PPP is the long-term agreement that may last in excess of 20 years (Savas, 2000). Although these projects have perceived risks and rewards, the focus remains with the benefits to the public organization to highlight the potential reasons an institution of higher education might seek out a PPP arrangement for infrastructure development.

The first of the many benefits perceived by using a PPP is access to the private sector (Brinkerhoff & Brinkerhoff, 2011; De Bettignies & Ross, 2004; Narrod et al., 2009; Wood & Gray, 1991). Access comes in the form of financial, managerial, and technical expertise. This desire to access the private sector is based in the belief that the public sector is incapable on its own to accomplish the level of desired project efficiency (Forrer, Kee, Newcomer, & Boyer, 2010). Thus, the public agency desires an arrangement to account for known shortcomings, and those are believed to be correctable through the partnering with private business. Engagement in private financing, management, and technical knowledge permits a public agency to reduce risks associated with funding, maintenance, and specifications of a project.

Alongside the hope for efficiency comes the sharing of responsibility (Hodge & Greve, 2010; Steyer & Gilbert, 2013). Having access to the private sector is viewed as beneficial, but being able to ease responsibility is a means of mitigating risk and enhancing the long-term capacity of the public agency (Hodge & Greve, 2010; Koppenjan & Enserink, 2009; Steyer & Gilbert, 2013). This creates an opportunity for risk-averse behavior for the public agency through the offloading of project burdens and freeing of resources for the execution of other projects.

Other potential benefits include reducing the cost of contracting (Forrer et al., 2010), financial improvements on borrowing rates (Hodge & Greve, 2010), relationship-building due to the long-term nature of the contract (Brinkerhoff & Brinkerhoff, 2011; Steyer & Gilbert, 2013), and the perception of governmental innovation (Forrer et al., 2010; Link & Link, 2009). These represent financial- and perception-based benefits that aim to cut short- and long-term costs through the collaboration with private business partners and through the use of entrepreneurial financing strategies. Increasing the length of relationship seeks to build trust and enhance communication between the public agent and private contractor. Having a shared mission of project completion fosters this trust. Furthermore, this relationship grants a level of autonomy to the contractor that could enable more innovative strategies for the life of the project while reducing the need to procure additional services associated with different stages of the contract. Thus, the contractor maintains a valid stake in the project and invests in its success.

The place of these benefits in higher education still presents itself in the same manner. Institutions seek arrangements that produce a fiscally favorable outcome and address issues of capacity and risk. This becomes the place of the PPP arrangement whereby any or all of the aforementioned rationales are sought. It is also important to note these are all viewed as positive outcomes in a contractual arrangement that is not without risk, the most relevant of which includes value differences between public organizations and businesses (Brinkerhoff &

Brinkerhoff, 2011), communication breakdown (Forrer et al., 2010), and issues of autonomy (Avant, Finnemore, & Sell, 2010).

A discussion on the privatization of university housing follows in an effort to detail the history of contracting with private industry. While not a direct PPP arrangement, a PPP is a mechanism for contracting out, and the context of such behavior in university housing establishes a foundation for engaging in a PPP arrangement.

Privatization of On-Campus Housing

On-campus housing in the United States has existed in one form or another for as long as modern universities have existed in the U.S., though it really began to flourish following World War II (Frederiksen, 1993). Through the G.I. Bill, thousands of soldiers back from the battlefields of Europe and Asia sought to enroll in universities across the U.S. (Lucas, 1994). They were hoping to prepare themselves to compete in the newly developing post-war economy; instead, they found universities and surrounding communities that were unprepared for the increase in enrollment, especially when it came to housing options (Frederiksen, 1993).

Colleges tried to build efficient and affordable housing in a timely manner to match the increase in student population, but, due to the time requirement of planning, funding, and building residence halls, they never could match demand (Olson, 1973). The inadequacies of the university system to offer sufficient on-campus housing options forced students to seek housing options off-campus. These off-campus housing options were owned primarily by out-of-town landlords who took advantage of the ever-increasing demand in housing and the stagnate supply of housing (Bayless et al., 2013). The landowners did not put much investment back into their rental properties and allowed the properties to quickly deteriorate into rather unsightly structures. The areas surrounding many universities became known for what Bayless, Wilhelm, and Wills (2013) described as “student ghettos,” or what we would more appropriately call areas of residential decay. These areas were not only unsightly for universities, they created the narrative of the reckless college student that destroys their rental property while failing to pay their bill on time – a narrative that Bayless et al. (2013) proclaims is best viewed in the movie *Animal House* and one that at first prevented private companies from investing in residential housing on college campuses.

Allen and O’Hara, a Memphis-based contractor more famously known as the primary contractor for Holiday Inn, was the first private company to invest in primarily student housing when it built Granville Towers in Chapel Hill, NC, in the 1960s (EdR, 2017). Following its success with the Granville Towers, the contractor went on to build more college-student-specific housing. Its buildings were the standard “dormitory”-like rooms with twin beds and minimal furnishings, and the contractor soon found it difficult to compete once student housing preferences started to evolve to include more private living options.

In an effort to match shifting student preferences away from traditional housing options to more personal accommodations, including private baths and bedrooms, Polar-BEK and Cardinal Industries began to build off-campus living options in the 1980s (Shearin, 2011). They planned and developed housing similar to suites or apartments with a two bedroom to one bathroom ratio, and students had the privilege of larger beds. Yet, while this marks a significant improvement in off-campus housing options developed solely for students, these private companies had yet to bring the innovative lessons learned from off-campus housing to on-campus housing, which still to this point is primarily dominated by traditional or dormitorystyle housing. In other words, student housing was still separated between mostly public offered traditional on-campus housing and more comfortable private options available off-campus.

The lack of on-campus development by private companies changed in 1991 when a private company, Century Development, launched a primarily on-campus housing initiative (Shearin, 2011). The new initiative marked what might be considered the start of the public private partnership movement within on-campus housing. The new initiative deviated from the traditional housing finance model of complete finance by the university and moved to a new finance scheme. Century Development spawned two leaders in early public/private on-campus housing movements: American Campus and Capstone. The preferred financing scheme used by both American Campus and Capstone was 501(c)3 tax-exempt bond financing structures with the developer largely in control of the development, management, and buyout terms (Bayless et al. 2013). This process will be referred to throughout this paper as a public private venture (PPV). Under these PPV agreements:

> … a qualified not-for-profit organization, such as a university foundation, acts as the borrower and owners of the project through a ground lease from the university. Under this structure, 100% of the project's development cost is then raised through the sale of tax-exempt bonds, and the only collateral for repayment is the revenues generated from the project. The private developer guarantees project completion and is paid a fee for services rendered (Bayless et al., 2013, p. 113).

While this financing scheme was popular amongst universities, Bayless et al. (2013) states that there were some drawbacks, including but not limited to thin debt coverage ratios, high-occupancy break-even points, and no financial investment or risk for the developer beyond building the community. In short, the new housing options were expensive to build and required evolving financial mechanisms to finance the projects. Because of the cost and the fact that repayment is tied solely to revenues generated from the project, the PPV projects were only profitable when enrollments were large enough to guarantee a high-occupancy rate, costs of upkeep were low, and competition between on- and off-campus housing proved minimal. This ideal situation hardly ever took place, and many universities found their selves with significant debt on their books. The PPV system is still the preferred means of financing on-campus growth for many universities, but others, riddled with debt due to their past PPV attempts, have started to search for alternative financing methods.

In order to establish the purposes of university housing, a brief review of the goals associated with services of university housing are detailed. These goals, along with the various rationales of PPPs, produce a series of desired project outcomes associated with the USG case.

Student Housing Goals

In his foundational piece on the educational role of college student housing, Riker (1965) developed the two bedrock assumptions of the field: environment influences behavior and learning is a total process. Environment, for the purposes of student housing, is defined as a safe, inviting, and supportive residential facility (Riker, 1965) as well as a positively reinforcing mentorship program through live-in student and professional staff members (Newcomb, 1962). Learning as a total process is related to the belief that the college experience is transformative in nature and that no one factor has an impact on the totality of learning (Riker & Decoster, 1971).

The environmental and total process of learning assumptions led Riker and Decoster (1971) to develop five general objectives for student housing, which are summarized in table 1. The objectives include the "provision of a satisfactory physical environment through new construction and renovation"; "adequate care and maintenance of the physical facilities"; "establishment of guidelines that provide structure for compatible and cooperative community living"; "development of interpersonal environments that reflect responsible citizenship and a concern for others, as well as an atmosphere conducive to learning"; and "opportunities for individual growth and development" (Riker & Decoster, 1971, p. 6).

Riker and Decoster's (1971) objectives of student housing were revisited by Palmer, Broido, and Campbell (2008). Analyzing recent scholarship on the impact of student housing on student retention and resilience, including Pascarella and Terenzini's (2005) synthesis of over 2,600 studies, Palmer et al. (2008) found general support for Riker and Decoster's (1971) two bedrock assumptions and five goals of student housing. Due to their findings and Pascarella and Terenzini's (2005) findings, we will use Riker and Decoster's (1971) five objectives as the general goals of student housing.

USG Case

The present case of the University System of Georgia positioned itself to utilize a PPP as the contracting mechanism on an enormous scale. This presents a clear indication that the belief in the worthwhile nature of the contract against the potential risks provided a more beneficial outcome than not. However, even within the frame of the potential benefits is the question of which benefits are the most critical benefits within each contract justification. These justifications lead to a deeper understanding of the position of the USG as well as its long-term intentions for infrastructure development on its campuses.

Many universities and university systems, such as USG, have stuck with the private-partnership (PPV) model but have moved closer to a pure public–private partnership (PPP) model in which the private party designs, builds, upkeeps, and maintains ownership of the property for a certain period of time, while the public party is paid to operate the building. Examining the PPP system recently introduced by USG is important for it represents an evolution in the role of public private partnerships in on-campus housing. The following section details this new PPP through detailing of relevant contract elements.

Contract Details

USG awarded Corvias Campus-Living-USG, LLC (hereafter referred to as Corvias) the concession for the development and investment in a portfolio of student housing on November 12, 2014. The term of the contract is from the effective date of November 20, 2014, to the closing date of June 30, 2045. At the end of each lease, Corvias is responsible for tearing down the building or turning the building over to USG. It is University System of Georgia's decision of which closing action the Corvias is required to take. USG retains sole power to terminate the agreement early should it choose after notifying the concessionaire ahead of time and paying the fair market value for the buildings.

Corvias' concession not only includes the development and construction of new housing, but the absorption of existing housing along with the debt associated with that existing housing. Each university is required to lease one existing housing unit, but some, such as Abraham Baldwin

College, leased all of their existing housing units. Corvias is responsible for the management, operation, maintenance, and repair of each of the existing housing units it leases.

The building of new facilities on all universities associated with the PPP (referred to as new housing), the leasing of existing housing by the concessionaire (referred to as existing housing), and the retaining of housing units by many universities (referred to as retained housing) create a need for each institution within the PPP to work out specific provisions, agreements, and plans with the concessionaire related to the specifics of their campus. In addition, it creates the need to normalize operations across all institution-level housing arrangements. Specific needs addressed include retaining residence life responsibilities for USG in all housing options, making sure that housing fees are similarly determined, and making sure that the different forms of housing do not compete against each other for student contracts.

Each institution that is a part of the agreement is responsible for providing and managing residence life programming for residents as determined in sole and absolute discretion by each institution. The only stipulation regarding the levels of residence life programming is that it must be equal across all three types of housing. The concessionaire is responsible for providing space in both existing and new housing for the planning and administration of resident life programming. In addition, the concessionaire is responsible for renting to each institution administrative spaces, including but not limited to office space, resident assistant options, and live-on staff housing options. Further discussion of resident life and education responsibilities and benchmarks are left absent from the official USG documents.

Housing fees for the first academic year are set in the master concession agreement. Every year thereafter, a management review committee (MRC) shall set the fees for that academic year at the annual MRC meeting, and the fees have to be approved by USG. General rules associated with yearly housing fees stipulate that fees cannot increase by more than 3% a year unless the concessionaire requests USG approval for a greater increase due to extraordinary issues. The concessionaire shall fund, at least every three years, a market study by an independent third-party consultant to determine the competitive market for student housing by comparing current housing fees for new, existing, and retained housing with off-campus housing in the surrounding community and on-campus housing at nearby institutions. The study should include benchmark rates for future housing fees, demographic characteristics, and occupancy rates and will be used to determine a recommended residential housing rate for each project. The concessionaire can increase the housing rate beyond the 3% mark after the conclusion of the market study if the need arises. The concessionaire is responsible for coordinating and paying for the cost of the market study.

When it comes to ensuring that the concessionaire does not have to compete with retained housing for occupancy, fees are uniform across campus with relation to type of housing and in marketing. It is the responsibility of the concessionaire and the institution to determine target occupancy levels and to work together to fill all available beds at all projects. Each institution is responsible for marketing and recruitment for the entire campus, including existing and new housing leased by the concessionaire. If the concessionaire wants to market existing or new housing, it must obtain the permission of the home institution of the housing unit, pay for the marketing, and cannot include any special incentives not available institution wide. On the other hand, all marketing efforts by the institution cannot differentiate between new, existing, and retained housing. All forms of housing must be labeled as “on-campus housing.” In addition, the institution must include all on-campus housing in the marketing packages and cannot market just retained housing. Last, it is each institution’s responsibility and authority to determine the application process, residency requirements, room assignments, wait-list procedures, room occupancy levels, and terms of the resident contract.

Some additional elements of the contract that do not fit neatly into the previous categories are that it is the responsibility of the concessionaire to upkeep not only the new and existing housing but also the grounds that they stand upon. The contract is open as to how the concessionaire can carry out its upkeep responsibilities. It can hire its own company or it can pay existing campus auxiliary services to maintain the property to the same level as retained housing. In addition, it is the responsibility of the concessionaire to hire a representative of the company for each institution to serve as the non-live-on manager of the facility. This person is responsible for carrying out the agreement between Corvias and USG along with each institution's housing/residence life office. Last, and maybe most important to some people, is the fact that this lease agreement is for a period of 30 years, and the concessionaire retains the first-right-of-refusal over future housing expansion on any USG campus. This means that, unless Corvias declines, it will be awarded the concession for any future housing on any USG campus for a period of 30 years. This point is important and is worthy of its own study, but, for the purposes of this paper, it is just another element of the contract.

Details on the technique used to evaluate the USG case are presented in the next section to explain the derivation of themes and implications associated with this case. The methodology details the actions of the researchers and the sources of information pertinent to the study.

Methodology

This study explores the questions surrounding values within the contracting process related to the public–private partnership arrangement involving university housing within the whole of the University System of Georgia signed in 2015. More specifically, the study addresses the following questions:

1. What are the rationales associated with the University System of Georgia's decision to enter into a PPP arrangement for university housing found within the published procurement documents?
2. What roles are identified for university housing within the published procurement documents and what implications loom from these views on housing within the University System of Georgia?
3. What are the implications on administrative practice associated with large-scale PPP arrangements?

In order to provide a discussion relevant to these questions, this case study utilizes a thematic analysis of the documents made publicly available from the University System of Georgia website related to the procurement process for the contract associated with the university housing public–private partnership. A thematic analysis is a form of content analysis focused on code development (Boyatzis, 1998; Braun & Clarke, 2006). An interpretive form of content analysis focuses heavily on manifest codes and storylines within documents (Ginger, 2006; Weber, 1990). This differs from thematic analysis in that thematic analysis also concerns itself with latent codes as well as manifest codes (Boyatzis, 1998). Within the present study, an interpretive approach to theme exploration is necessary for identifying more latent – unwritten – themes, as these themes will not be explicit in public documents, but evidence of their

Table 1. Codes

Student Housing Goals	Public-Private Partnership Rationales
Satisfactory Physical Environment	Private Sector Access (Financial, Managerial Technical, and Resource)
Maintain Physical Facilities	Responsibility Share
Promote Community Living	Risk Allocation
Develop an Atmosphere Conducive to Learning	Efficiency
Promote Individual Growth and Development	Reduced Cost
	Improved Borrowing Rate
	Capacity Enhancement
	Long-Term Partnership
	Innovation

presence can be found with a latent coding technique. This relies on careful interpretation of the information found within the documents.

The process for deriving themes begins with coding these data. Creswell (2016) describes the process of coding as conversion of raw data, or text, into a narrative on the basis of conceptual themes that emerge from the various code groupings. For the current study, the process of coding will focus on the use of previously developed themes within the literature as a basis for the researchers' code identification in the text. Hwang, Zhao, and Gay (2013) implement a similar process in exploring public–private partnerships in Singapore to identify risk elements. These themes are those described in the literature pertaining to PPP rationales and goals of university housing. The codes are used to highlight text within only documents made publicly available prior to August 2015. Additionally, only documents written by the University System of Georgia are evaluated, as the qualification and proposal submissions from possible concessionaires do not illustrate themes emergent from the perspective of the University System of Georgia.

Under the steps associated with an acceptable process of coding (Creswell, 2016), this study undertakes a six-stage process prior to developing the discussions and conclusions for this research. First, potential codes are categorized as Student Housing Roles and Public-Private Partnership Rationales (see table 1). These codes are developed from previous research discussed in this paper. By using that literature to develop the codes, it is easier to identify the values and roles portrayed in the documents by USG.

Second, each document is read in its entirety, followed by an initial coding of the documents. Third, codes are evaluated for their overall quantity and presence in order to develop themes. Two separate coders evaluate the documents, and themes are developed by both coders separately in order to ensure more than one evaluator in the interpretation process (Burla et al., 2008; Schreier, 2012).

Fourth, coders assess the coding and themes from the other coder in order to determine the presence of intercoder reliability (Burla et al., 2008; Elo et al., 2014; Vaismoradi, Turunen, & Bondas, 2013). Elo et al. (2014) explain that, while there is not a uniformly accepted method for assuring intercoder reliability, by simply establishing a process of conducting an assessment, the research is able to enhance trustworthiness. Finally, development of the discussion takes place on the basis of the manifest and latent themes agreed upon by the coders following the assessment for reliability in their separate views on the documents.

Table 2. Frequency of Codes

Frequency	Student Housing Goals	P3/Contract Rationale
Prevalent	Satisfactory Physical Environment Maintain Physical Facilities	Private Sector Access (Financial, Managerial Technical, and Resource) Responsibility Share Risk Allocation Long-Term Partnership
Moderate	Promote Individual Growth and Development	Efficiency Reduced Cost Innovation
Limited	Promote Community Living Develop an Atmosphere Conducive to Learning	Improved Borrowing Rate Capacity Enhancement

Within the discussion, themes are analyzed on the basis of their categorization and the overarching storyline that develops from them (Ginger, 2006). Additionally, the discussion focuses on how the University System of Georgia views the usefulness of public–private partnerships and their view on student housing as a comparison and contrast to the evident themes present within previous research. This highlights the value structure of the University System of Georgia both administratively and institutionally. These values are discussed for potential implications in the future with university contracting and the roles university housing might play as a bargaining chip for institutions across the country.

Discussion

Within this section, details pertaining to emergent themes and the contract documents are explored to establish findings related to the questions guiding this study. These questions signify the relevance of this case in university housing but also divulge results underlying the innovative practices in public sector procurement. Results relating to the coding for themes – rationales of PPPs and goals of university housing – are presented with details relating to portions of the contract documents as the basis for discussion on the importance of this case.

Code Results

In revealing the results prior to discussing the importance of the findings, each of the categories and their corresponding codes are detailed for their context and frequency within the various documents. The discussion of these will follow in order to provide clarity regarding the importance of the contract within higher education and student housing.

The student housing goals are mentioned first and last when describing the goals of the project. The USG system identified five project goals:

1. Affordable, safe, and quality housing options for students.
2. Decreasing the amount of long-term debt associated with campus housing on the BOR portfolio.
3. Expansion of campus housing capacity without expansion of debt.
4. Increasing the level of innovation and efficiencies in campus housing
5. Increase the ability of campus housing to enhance the college experience.

As the documentation proceeds, the primary focus of these goals continues to drive for the upkeep and development of the physical (e.g., the buildings). Table 2 demonstrates that the most prevalent codes are facility maintenance and developing satisfactory physical environments. The documents contextualize this through the description of key building components and the need to ensure that the construction accomplishes the purpose of new housing. A majority of this is found in the operations agreement portion of the procurement documents. This is to be expected, as this part of the contract typically indicates how the project will progress throughout its life.

Table 2 also demonstrates the lack of presentation these documents provide pertaining to students and the relationship to the purposes of student housing. Only one of the three goals of student housing related to the key stakeholders (i.e., students) is found in multiple parts of the procurement documents. This is the notion of promoting individual growth and development of the students. However, this is framed in a manner similar to the second half of project goal five: “to enhance the college experience for these students.” Therefore, the educational component of campus housing according to official USG documents is tied strictly to the construction of newer facilities. This is evidenced by the lack of presence of the other two goals relating to students: community living and learning environments.

With the lack of presence and context for promoting community living and fostering atmospheres of learning, USG is presenting the attractiveness of housing as the key value relating to student housing. This value, as indicated in the publically available documents, does not follow the total learning process argument of Riker (1965) and places the purpose of housing as an admissions body and not a student-retention body. The lack of a retention focus on residence education is striking considering that USG has signed on to the complete college plan, which places retention and completion values over admission values in order of importance. Finally, the context also fails to truly discuss the students and their function in student housing – beyond that of filling the rooms. Much of this also can be attributed to the rationales associated with entering a public–private partnership arrangement found within the documents.

The PPP arrangement, while new to USG, is not new to public organizations. There are perceived benefits, and those are not missing from these documents. As table 2 indicates, four of the nine PPP rationale codes are not only present but also present throughout. These are heavily focused on accessing the private sector for their expertise, sharing of responsibility, reducing risk, and developing long-term partnerships. Together, these codes identify the major value of this contract: risk aversion. USG is actively pursuing the reduction of risk in the form of infrastructure development and financing. These are most clearly seen in project goals two through four. All three of these goals expressly demonstrate the problem and belief in the solution to mitigate the risk associated with building new housing and taking on greater amounts of debt.

Additionally, the unique nature of the PPP agreement and its cost savings are moderately present, indicating these are important but not as much as engaging the private sector for its expertise. Reducing costs, completing the project more efficiently, and utilizing an innovative strategy all indicate that there is hope that this type of arrangement can be beneficial long-term. The greater presence of the long-term partnership code also alludes to this, but these three codes are more in line with the longevity of the project itself. There is also language indicating these go hand-in-hand with project roles. While responsibility sharing is prevalent, the context of innovation, cost reduction, and efficiency are linked to the ability for USG to maintain a presence in decision-making while limiting the need to constantly modify and develop new contracts. This is due to these three codes being strongly associated with problems of public procurement and how much time and effort are typically necessary for multiple contracts to be executed. Instead, this agreement sets forth an opportunity for USG to execute a single agreement, monitor project progress, and reduce the time and costs associated with future phases of the contract.

Of the codes not present, improving borrowing rates and improvements on capacity are not as present largely due to the scale and magnitude of this agreement. The contract itself is designed to eliminate the need for USG to improve its capacity to borrow and construct. Instead, the intention is to access the private sector with a long-term arrangement that enables those infrastructure developments and financial responsibilities to fall to Corvias. Thus, it would not serve the purpose of the agreement to find these codes present.

In total, the values present within the documents are attractiveness and risk aversion. These values are present to such an extent that the role of student housing, the benefit to students' growth and the growth of the universities are superseded. What this presents is a question on the cost and benefit with respect to the direction of public higher education. Specifically, is cost cutting and campus beautification actually more important than the learning taking place on campus? This is not an argument for discussion in this study, but the values demonstrated within these documents do present a picture of administrative and operational shifts in higher education.

The study does indicate that excessive debt is leading to the use of riskier agreements in place of financial risks associated with campus expansion and development. Although risk aversion is evident throughout, mention of the risk of default is limited. Instead, much of the documentation lends itself to the shift in responsibility for USG campuses in monitoring the developments on their campus. Once more, this is a form of risk aversion for USG by limiting their administrative responsibility in place of the individual campus responsibilities and changes due to the contract terms and conditions. This also highlights the system's structure as a potential factor into the perceived necessity of this contract. It is certainly beneficial to keep student housing affordable, but the question of why housing is becoming unaffordable lends itself to questions within the system as a whole.

Thus, the study is left with as many questions as answers. The values for this contract are present, but implications are to be determined on the basis of the administration of the contract and clarity to the different USG schools directly and indirectly impacted. However, there are a series of implications relating to PPPs, university housing, and general practice that emerge from this study.

Importance and Implications

The importance of contracting in public organizations is often exhibited in infrastructure projects. This particular contract within USG is both a first of its kind and one that invites future agreements connecting student housing to private contractors. Whether the partnership succeeds or not could create a model whereby universities struggling to accommodate the need for expansion will look upon and mimic.

Due to the need for change in higher education infrastructure development, this form of partnership also might become attractive regardless of its perceived success or failure. Universities must meet the needs of their clientele while attempting to minimize costs. In the United States, this is particularly evident, as public universities cannot rely solely on public funds or long-term bonds for infrastructure development. The USG believes it has found a solution to utilize a long-term contract with a single concessionaire and has decided to invest in this partnership without evidence demonstrating its effectiveness in higher education and student housing. Thus, the implications for universities, student housing, and private contractors specializing in student housing and university development are vast.

From the standpoint of student housing, this is a decision that likely will lead to more universities contracting with similar agreements in hopes of reducing costs and the burden of housing students on campus. Public–private partnerships are contracts that take too long to determine actual success and failure for universities to await results. The structure of the contract offers an opportunity to create the housing facilities needed to attract students and also to foster that sense of community within the campus itself. While this type of agreement may provide an option to develop these facilities, it still requires efforts to breed the community that describes one of the primary purposes of housing. It is clear this agreement focuses heavily on the financial benefits without determining the long-term implications. What will become of housing fees? If the concessionaire defaults on the contract, how will the university handle it? These questions exist for all PPP agreements, but those contracts typically do not have a set of stakeholders that could be greatly impacted should the contract fall apart after it is executed. For housing, it is the question of student impact that is left uncertain at this point.

For universities and their development, this type of agreement also might be viewed as an option in other infrastructure projects. Constructing housing facilities often is limited in its purpose. However, with universities becoming more like small communities with dining, shopping, residency, education, and athletic and fitness facilities, the building necessary for growth is often too burdensome. This contract is an opportunity to grow in other areas of the campus as well. PPP agreements show openness with regards to their scope of work. By enabling the private contractor and the university to develop a long-term plan for their agreement, it is possible to incorporate a variety of purposes into new infrastructure. Universities will certainly see the financial benefits through minimizing their upfront costs but also the marketability of their *community* when attracting students. In the United States, this is particularly important as tuition rates increase and the attractiveness of higher education is beginning to wane. Aspirations of an attractive campus with quality facilities and smaller tuition rates are utopian. While the PPP agreement does not make promises, it provides an option for these campuses at minimal upfront cost to the university.

This could be seen as a door into a new form of investment for contractors with the capacity, experience, and understanding for universities and infrastructure development. The private sector largely sees PPP agreements as the mythical stable return on investment. On university campuses, having these long-term partnerships produces a series of opportunities for these contractors with growth of their organization and also major profits for those capable and qualified to execute the contract and complete the project. Should universities seek to expand this type of contract into other areas on campus, the contractors being awarded contracts for other projects would now have an investment and partnership that could see them being given future opportunities. The biggest hurdle for private contractors is capacity. The nature of PPP agreements is limiting on both the public and private sector sides due to the need for large investment capacity of private contractors to safely enter into these agreements. Thus, only a limited number of primary contractors can undertake the project on their own. However, for the smaller contractor, these do still provide opportunities for subcontracting roles throughout the project.

This agreement with USG and Corvias is unique, new, and critical to understanding the possible future direction of contracting out in higher education. Within this study it is demonstrated that the overwhelming evidence for the purpose of this form of contracting is to mitigate risk, connect to the private sector, and decrease costs while expanding university housing in USG to meet the perceived demand. However, it is also evident that the contract does not place emphasis on the student, and the implications for student housing are more financial rather than a concern for learning environments and community atmospheres. Future research must follow the development of this contract and those similar to it in order to monitor budget impacts along with the further use of this form of contracting. Additionally, the impact on students, their relative costs and perceived sense of community also warrants exploration.

The study is limited largely by its timing. It is speculative with respect to any actual financial impact. Furthermore, the changes in higher education are also limited to conjecture. Due to the focus of the study being on procurement documents, it is also narrowed in its ability to fully identify values of USG in student housing, as these documents focus largely on the financial and construction elements. However, in describing the purpose of the contract, USG attempts to highlight goals that expand beyond the financial benefit and do link to student housing throughout the documents. Also, in tracking any PPP agreement, researchers cannot afford to await results for 30 or more years to discuss implications.

In looking to the future, this contract between USG and Corvias could serve as a milestone in higher education and public contracting. It is already intriguing for the apparent shift in goals of student housing and the willingness for a large university system to reach long-term agreements with the hopes of expanding and privatizing on a public university campus. The completion of the various elements of the project is merely the first step. Whether other universities follow this example and undertake these long-term partnerships should soon be evident. Regardless, this contract creates another bridge for the public and private sectors and provides a new look at contracting out on public university campuses.

Disclosure Statement

The authors declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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