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The Latest

Graduate student housing ripe for P3 activity

BY PAUL BURTON

Graduate and married student housing has become the new project-delivery frontier for public-private partnerships.

Corvias, an East Greenwich, Rhode Island, P3 contractor for higher education and government institutions nationwide, announced a 40-year agreement with the University of Notre Dame.

The partnership, according to Corvias founder John Picerne, will enable the university to offer cost-effective housing for married and parenting students and their families.

The parties say they will announce financial terms upon closing. "It will be financed by a Corvias-led direct investment," Picerne said.

"Preference and demand for graduate housing has increased, especially in urban areas with higher cost of living," Picerne said, citing areas such as Boston, Denver, Boulder, Colorado, San Francisco and New York. "Many college students struggle to find adequate, affordable housing options near their campus."

In Boston, British company Scape has applied to city zoning officials to build a \$1 billion student housing complex on Boylston Street behind Fenway Park. Scape, applying its model from the United Kingdom, Ireland and Australia, intends to serve several nearby schools and would target undergraduate and graduate students.

"The project addresses — on a meaningful scale — the student housing challenges in Boston where an immense off-campus student population is exerting enormous pressure on the supply-constrained housing market, displacing workforce and families, and driving up rental costs," Scape global executive chairman Nigel Tae and chief executive Andrew Flynn said in a letter to the Boston Planning and Development Agency.



"Preference and demand for graduate housing has increased, especially in urban areas with higher cost of living," said John Picerne, founder of Corvias.

P3s are increasingly options for public issuers that look to improve transportation, housing and other infrastructure while coping with strained budgets and uncertainty over state and federal funding.

"We know there is a growing need for housing that also addresses the needs of graduate and family students across the nation," Picerne said.

Proximity to university programs is essential for more mature students, he said. "Graduate students want the ability to be fully part of

the university's culture, while also supporting their lifestyle, which may include a family or spouse."

The Notre Dame agreement calls for Corvias to design, build, finance, operate and maintain married and parenting family-focused housing next to the university's Family Resource Center, with completion projected by August 2020. The university would own the asset after 40 years.

The full P3 team also includes project consultant HighlineUS; architect Spalding Design Group; general contractor DJ Construction; and legal counsel Holland & Knight.

Corvias' other university partnerships include Purdue, Howard and Wayne State universities.

Scape, which chose Boston for its U.S. headquarters, is entering a city trying to cope with myriad challenges such as large-scale growth, aging infrastructure and gentrification. Boston, with a plethora of universities, has identified the need for 69,000 units of housing, 16,000 new undergraduate and 3,000 new undergraduate beds by 2030, according to Scape.

"Scape perceives the need for graduate academic accommodations in the Fenway neighborhood as particularly acute — and often overlooked," Tae and Flynn said in their application.

Too narrow a housing target poses risks, said Roy Eappen, a senior analyst at Wells Fargo Securities.

"From a real estate perspective, you want to attract as many potential rental tenants as you can. One downside to student housing is you are marketing to a narrow tenant pool," Eappen said. "Student housing tends to not have design attributes that are similar to a typical market rate rental building."