

Findings and Recommendations from the Faculty Advisory Board on Campus Housing.

For the Provost and the EMU Administration: September 30, 2020

***Preface:** We thought our report was supposed to be the basis for discussion on what to do about campus housing. Hence, this Advisory Board was taken aback and disconcerted to learn that the EMU Administration moved forward with soliciting Requests for Qualifications (RFQs) from private companies in June and July to potentially privatize campus housing this summer in the midst of a global pandemic and before our final report was shared with the Provost and the President. It was our understanding when we began our substantial work a year ago exploring campus housing at EMU that no movement on campus housing would take place before our final report was complete and shared with Administration. This understanding was reaffirmed by the Provost in meetings over the summer. The date set by the Provost for our final report was September 30, 2020.*

Introduction:

It is in Eastern Michigan University's best interest to leverage its wealth of faculty expertise to make the most advantageous capital investments. Improving campus housing is a case in point. Faculty Senate President Suzanne Gray developed the Faculty Advisory Board on Campus Housing (hereafter referred to as 'the Board') not only to assist with planning for housing, but also to provide a model for how faculty expertise can be exploited.

The Board consists of seven members of the EMU faculty, who possess expertise in:

- built environment design and construction
- community engagement and development,
- historical perspective and analysis,
- privatization,
- performance management,
- downsizing/contracting out government services,
- forensic accounting,
- and data analysis.

A well-founded plan for campus housing will benefit from these perspectives. We believe campus housing provides a valuable opportunity for faculty and administrative cooperation. Such cooperation is essential in planning for the short- and long-term viability of our University. We would be remiss if we did not acknowledge early on in this report the impact of the **COVID-19** global health crisis we are currently facing, and it will be addressed in more detail, after the work the Board completed prior to the campus closure in March 2020 is explored in greater detail.

This document is organized as follows:

1. Initial Remarks
2. Preliminary Observations
3. Detailed Observations
4. Recommendations
5. Documents Reviewed

Initial Remarks:

The Board met numerous times in 2019 and 2020, gathered a multitude of documents, and spoke with key stakeholders in campus housing. Before describing our analysis in detail, we would like to stress the following points:

1. For decades, the University has used revenue from housing to balance the general fund rather than investing in needed maintenance and capital improvements for campus housing.
2. The EMU community needs to continue discussing housing regardless of whether privatization is part of the conversation. An open discussion should address:
 - The projected number of beds needed based on enrollment over the next 5-10 years,
 - The true demand for different types of housing (i.e., apartments vs. dorms, single vs. multi-occupancy),
 - Which aging building(s) to invest in and transparency around these decisions,
 - Whether to build new or renovate (balance of costs and longevity),
 - Options to increase demand by opening dorms to local non-EMU students or others, like U of M, and WCC, with expanded transportation arrangement with AATA, and
 - Finding partners for limited projects for specific buildings rather than privatizing everything with a single company.
3. Campus housing is NOT the same as off-campus housing. There are quantitative and qualitative differences that must be taken into account. Some essential differences are:
 - Students who live on campus tend to be better integrated into campus life, so they do better and have higher levels of degree completion. This benefit should be available to as many students as possible, their different economic resources notwithstanding. EMU should value affordable housing, not just profitable housing.
 - Campus housing is required by federal law to abide by the same rules as the rest of the University. Rules governing conduct while living on campus are not required when living off campus. This fact will not change regardless of who is in charge of campus housing.
 - Unlike off-campus housing, University housing is required to abide by state laws. When the governor ordered an evacuation and sent students to their primary places of residence, this DID NOT apply to private housing facilities in the surrounding community. The University, rightly so, provided a prorated rebate to students for their lost months of housing (and dining). This was unlikely for many students living off campus who returned home. It is unclear how evacuation and rebates would be handled if campus housing was privately owned or operated.

Preliminary Observations:

In the fall of 2019, the administration provided the Board with key documents and data files that guided discussions of campus housing during the 2018-19 Academic Year [See Appendix 1 for a list of documents]. In December of 2019, the Board presented preliminary observations to Faculty Senate using the University's Mission and Core Values [i] as guiding principles:

Excellence – To ensure we “...provide an exceptional environment to our faculty, staff, and students. We improve our performance continuously and strive to be the best in everything we do,” any major decision should follow best practices in our areas of expertise.

Consequently, an in-depth, mixed-methods exploration of the issue of campus housing should be completed before making any commitments. Data gathered should include a comprehensive student survey, more thorough than that commissioned in 2018. The survey should gather demographic information around income, gender, ethnicity, international status, etc., and include questions to clarify the resulting data and provide for clearer analyses. Further, there should be intentional focus groups that include constituencies with first-hand knowledge of the conditions of the dorms (i.e. dorm staff, student life staff, leaders of student organizations, and current/former occupants of the dorms). The qualitative data collected from the focus groups will provide context for the quantitative data and support a thematic analysis within and across demographic groups.

The University needs a detailed analysis of the financial implications of all housing options, not just one. In addition, a proper analysis should consider how student demand will change in response to the choices given to them. Up-to-date data comparing on- and off-campus housing in terms of price and geographic distance from campus should be collected.

With some dorms currently shuttered, EMU has a perfect opportunity to engage in an intentional, multi-year renovation process. We suggest examining creative options for increasing occupancy of the renovated units, and for improving the learning environment on campus. Possibilities include themed housing (the Honors College dorm has the highest occupancy rates), exploring housing partnerships with other institutions such as Washtenaw Community College, or creating mixed-use spaces (e.g., practice facilities for music students, group study spaces, classroom spaces, etc.) within housing facilities.

Respect – To “...care for our people, communities and the environment and show respect for the dignity of the individual”, any consideration of campus housing should ensure all campus voices are included in the data collection, analysis, and dissemination of the results. As an institution of opportunity, with a significant number of first-generation college students and a high proportion of Pell-eligible students, EMU must respect the financial constraints that many of our students have when deciding whether to live on campus. Including key demographic variables and providing multiple opportunities for varied voices and experiences is important to respect the dignity of the people and communities invested in the University. Further, to show respect for students, the University should make a clear commitment to affordable student housing.

Inclusiveness – When “we create an environment that supports, represents, embraces and engages members of diverse groups and identities”, it requires us to create spaces and places for diverse voices in our community to share their perspectives and experiences. This is why demographic data and intentional focus groups are critical to truly understanding the various perspectives and making an informed decision. As noted above, qualitative data are useful to develop themes and contextualize the quantitative data.

Responsibility – To be “...accountable – individually and in teams – for our behaviors, actions and results”, it is imperative that we do not make macro-level decisions lightly or expect that informed decisions can be made in a tight time window. We are the current stewards of Eastern Michigan University, an institution with a 170-year history, and it is our responsibility to ensure that any decision with historic implications are well-thought out with the best-available expertise at our disposal. Until now, the primary housing option that has been considered envisions 30- or 40-year partnerships, which would outlast most of our careers at the University. It is easy to give too much consideration to short-term needs at the expense of deleterious long-term implications.

Integrity – We agree that “Integrity and transparency are critical to our institutional effectiveness.” As part of pursuing “...the highest level of personal, intellectual, academic, financial and operational integrity within the University community”, we reiterate our recommendation that the University collect the necessary data to make an informed decision on campus housing. When making a 40-year decision there is a premium on transparency and community engagement in the decision-making process. We are more than willing to work out the issue in a longer document if such an exercise would be of value to the University.

Detailed Observations:

At the start of the winter semester the Board built on its initial findings by holding small-group discussions about campus housing with various stakeholders and collected additional documents to clarify a variety of questions raised from our initial analysis. This led the Board to the following additional observations:

1. There is strong interest in creating a student-housing culture involving living-learning communities. Some of the communities tried in the past were successful and others were not. A key element of the successful communities was faculty involvement and University investment. If faculty are to be involved and fully engaged, they will need reassigned time to participate in these learning communities.
2. There were persistent communication breakdowns resulting in various stakeholders being confused by parallel conversations. This seeming lack of transparency was surprising given the gravity of the decision and the number of offices and individuals affected.

3. Campus housing net revenue (all revenue minus all costs in housing) brings in about \$8-9 million annually. The University deducts about \$1.5-2 million annually to cover the housing portion of debt service, about \$2 million as a 10% “tax” on all auxiliary revenues to cover administrative expenses, and another \$1-1.5 million for “custodial services”. This leaves housing with about \$3.5-4.5 million annually above all charges to housing, totaling between \$175 million and \$225 million over the 50-year life-cycle of campus housing facilities.
4. The cost of maintaining campus housing facilities is about \$225 million over the 50-year life cycle of the buildings. Campus housing would be self-sustaining if it were allowed to invest overall net revenue of \$3.5-\$4.5 million in capital projects rather than having it moved into the general fund. Had this practice been implemented in the past, the University would have been able to self-fund all necessary capital projects.
5. Student occupancy in campus housing has ranged from 3,176 in the Fall of 2019 to 3,928 (2012) with an average of 3,524. Full occupancy is about 4,200. (Note this number does not include Jones-Goddard.) The unused capacity suggests that not all of the housing facilities need to be renovated to meet student demand. Perhaps developing a plan to renovate 2,500-3,000 beds would be the best way forward.
6. EMU has spent almost \$31 million on capital improvements in campus housing over the past 13 years (on average, \$2.4 million annually).
7. During the last decade, the University has hired two consulting firms to examine campus housing. The consulting firm Scion explored the issue 2012-2013 with the intent of creating a master plan for campus housing (but no plan was shared with the Board, and it is unclear whether one was created). The student survey and focus groups Scion conducted found cost was by far the most important factor for our students (earning a relative scaled score of 100, with the next closest value, for proximity to campus, scoring a 50). A large proportion of respondents thought new University housing was important to recruiting new students (76%) while only 8% were willing to pay for upgraded facilities.

In 2018, Reith Jones Associates was hired to explore the issue of campus housing with the intent of fostering a public-private partnership. The results of their student survey and focus groups found cost was a leading factor in student decision making and that the vast majority of student survey respondents believed the quality of campus housing was sufficient. There were significant methodological issues with the data collected and conclusions drawn by both consultant companies.

Representative and complete data are needed to inform any decision on campus housing. Faculty experts would provide a better, more cost-effective route for the University when researching key decisions facing EMU.

8. If the best option for the University turns out to be exploring a public-private partnership, then the University would benefit from the input of the broader campus community in writing a Request For Proposals.

9. Many pointed to the privatization of housing at Wayne State as a model, but the details of Wayne State's approach seem to have been ignored. Wayne State already had a ten-year master plan for student housing, which described the buildings to be renovated and demolished, along with the number of beds and square feet of new construction. To ensure that buildings were maintained, Wayne approved an annual amount that it required the private partner to put into an escrow account. Their RFP had detailed requirements for proposals, including renovation and construction elements.

Recommendations:

It's important to note before our recommendations COVID19 has impacted the housing environment in ways that are difficult to predict. The pandemic will factor into student decisions related to online learning, interest in living on campus, and the types of living/learning communities our students will want when they return to campus. We anticipate that reluctance to gather on campus will exacerbate FTIAC enrollment challenges in the near term, and impact enrollment in ways still unknown for the longer term.

The pandemic has also helped underscore the disadvantages of public-private partnership deals like the one EMU was considering. COVID-19 has exposed a new risk for private partners. Any deals made in the face of uncertainty will be less favorable for EMU as private partners seek to reduce risk and guarantee return on capital. Even without potentially onerous revenue-guarantees -- as exist with the Chartwell contract -- EMU would cede control of housing to a partner whose interest in profit could not always be consistent with the best interests of EMU or our students. The current situation at the University of Oklahoma exemplifies the conflict that could arise in a time of crisis. Its private housing partner is attempting to use the global public-health crisis to create fear and drive students into private housing rather than University Housing. (See coverage of how this is unfolding [here](#) and [here](#)).

1: The Board recommends that **no decision on campus housing** be made until we understand the impact of the current health crisis on the demand for student campus housing. It is unclear how the pandemic will affect student enrollment or desire for campus housing facilities. We recommend that EMU take the next **one or two years** to examine the issue of campus housing at EMU, and create a comprehensive campus housing plan to guide the University into the future.

2: The Board recommends a **thorough examination of the issue of campus housing** with key stakeholders and faculty experts integrally involved. We foresee this process to be: 1) a thorough examination of the research literature to identify best practices in campus housing; 2) a comprehensive accounting of the needs and timeline for capital improvement of our current housing stock, ranking specific projects as needed immediately, very soon (5-10 years), and long-term (10 years or longer); 3) a deep exploration of student perspectives on campus housing through surveys and focus groups that align with best practice in research; 4) a similar exploration of all key constituencies involved in campus housing; 5) a complete analysis of the financial impact of housing plans while considering

using housing “net revenue” to fund capital projects. Any housing plan should honor consistent student voices calling for affordable housing. Our hope is that our colleagues 50 years from now are not faced with the same “emergency” call to upgrade campus housing facilities without the necessary financial assets.

3: The Board recommends the **creation of a master plan for campus housing**, based on the findings from recommendation two, to guide decisions on campus housing over the next 10 years. All constituents should have the opportunity to review the report created from recommendation two and be involved in creating the master plan. This master plan should include a targeted number of student beds to accommodate EMU students and also a plan to utilize surplus beds to generate additional revenue for housing projects. Our Board discussed possibly converting some facilities into short-term, single night stay facilities for students, alumni, and other campus visitors, partnering with area colleges or universities to house additional students unable to find campus housing on their respective campuses, creating mixed use buildings that may qualify for State capital project funding and serve to house various members of the campus community. Surplus housing stock could become a very valuable asset for EMU to leverage.

Respectfully submitted by:

Alexis Braun Marks, Robert Carpenter, Benedict Ilozor, Paul Leighton, Janet Okagbue-Reaves, D. Robert Okopny, and Barbara Patrick

Documents Reviewed:

Complete versions of the documents listed below are available upon request.

Documents:

[Housing Facilities Capital Spending Update 022020](#)

Budget Council Presentation, 2018-11-12

Housing Occupancy Financial Report_Fall2018

Housing Report March 2018.pdf

Housing RFQ.pdf

Slides unpacking the housing argument_April 2019.pptx

[Scion EMU MarketDemand Analysis 060713](#)

Student Housing Report 1978

Data:

[Housing P&L report Committee 012820](#)

[Residence Halls Occupancy Report 2001-20010 4 7 20](#)

[Housing Total Costs FY2020 Revised 3 17 20](#)

Housing Survey Items with Responses_Questions Only With Measurement Levels

2018 EMU Admissions Survey

2018 Admitted Student Survey Results 3.11.19.xlsx

2018 Summary of Qualitative Results for Why Students Didn't Come to EMU

2018 Student Accepted Survey

Why students come_2018.spv

Why students didn't come_2018.spv

2018 Student Survey Summary Handout_focus on why they didn't attend
EMU Housing Survey Results_RAW_2018-10-18
Student Housing Survey_original file.sav
Student Housing Survey_file who live on campus changed to reflect current
living.sav
Item frequencies on the data file.spv

Addendum

Since the initial presentation of the Housing Report to the Faculty Senate in May of 2020 germane events have occurred that reinforce the Board's recommendations. These events, explicated below, provide additional evidence for why a thoughtful, deliberative process, guided by research and stakeholder input is the best path forward on campus housing. Privatizing other parts of the university has led to foreseen and unforeseen consequences for the University and our students. We should learn from these experiences and apply that knowledge and the Board's recommendations to the critical decision on campus housing.

The effects of privatization at EMU:

- Students received housing and dining prorated rebates as described above, however, the private dining "partner" did not contribute to the refunds. The University bore the full cost alone and used CARES-ACT funds to cover the rebates.
- Students did not receive a similar prorated rebate from the University's parking private "partner". The University did not offer prorated rebates for the months when students couldn't use their parking permits.
- Medical supply companies will not provide COVID testing supplies to the University because they do not believe EMU has a campus health facility. The new partnership with IHA does not qualify as a campus health facility from their perspective. IHA does not have the capacity needed to COVID test the campus community.

Take away: The University cedes control of key elements of the University that are historical elements of supporting students and shift the focus from people to profits.

The effects of privatization at nearby institutions:

- In May Wayne State University received a letter from Corvias, the private company they "partnered" with on campus housing (the agreement mentioned above and reviewed by the Board) pressing the University to consider filling the campus housing they developed, The letter states, "...the financial viability of the Project depends in large part upon the occupancy rate of the Projects, and the University agreed to exert reasonable efforts to ensure that occupancy rates in the Projects are maximized". Corvias sent a similar letter to all of their campus partners. The full letter is on the next page. This is similar to the University of Oklahoma experience described above with another company. A full investigation by Inside Higher Ed can be found [here](#). Members of Congress requested information from Corvias and were concerned the company was "...putting profits above public health...". ([link](#)). Corvias is also the focus of a Reuters investigation entitled "Ambushed at Home" examining the company and their military housing contracts. ([link](#)).

Take away: The University will face legal pressure to ensure campus housing is fully maximizing to maximize profits for the company.

Conclusion: The University mission of being a University of opportunity should apply to our students, not private companies.



May 29, 2020

Office of the Vice President for Finance, Treasurer and Chief Financial Officer
Wayne State University
5700 Cass Avenue, Suite 4900
Detroit, Michigan 48202

With copy to:

Office of the General Counsel
Wayne State University
656 West Kirby
4249 Faculty Administration Building
Detroit, Michigan 48202

RE: Service Concession Agreement for the Operation and Management of Student Housing (the “Projects”) between the Board of Governors of Wayne State University (the “University”) and Corvias Campus Living – WSU, LLC (the “Concessionaire”) dated November 30, 2017 (the “SCA”)

Dear Ms. Cooke,

We have been closely following media reports regarding the variety of possible scenarios colleges and universities are considering for conducting on-campus classes for the Fall 2020 semester. We are also aware of the latest guidance issued by the Center for Disease Control on (i) Colleges and Universities, and (ii) Shared or Congregate Housing (“CDC Guidance”).

We understand the University may currently be deliberating alternative plans for the Fall 2020 semester, and we therefore felt it important to communicate directly with you regarding our concerns, as the Concessionaire, regarding certain actions the University may be considering at this time.

Per the terms of the SCA, the University agreed not to take actions that would interfere with the rights of the Concessionaire to manage or operate the Project. In addition, as noted in the SCA, the financial viability of the Project depends in large part upon the occupancy rate of the Projects, and the University agreed to exert reasonable efforts to ensure that occupancy rates in the Projects are maximized in view of student demand and other factors outside of the Parties reasonable control. Accordingly, the University does not have the unilateral right under the SCA to institute a policy that would for example, either (i) limit the number of students who can occupy the student housing, or (ii) reduce the semester housing fees (due to a shortened semester or otherwise) for which the Concessionaire has a contractual right to receive per the SCA.

As partners in a 40-year arrangement, we believe the Concessionaire and University's interests should be aligned, and that critical decisions that could impact housing fee revenue should be made with consideration of the long-term financial viability of the on-campus student housing project. It is important to note that the Concessionaire took on \$307 million in debt in order to defease \$120 million of the University debt and to facilitate the new construction and/or significant renovations of 3,495 student housing beds across the University's campus. That debt is secured by the Concessionaire's rights to receive the student housing fee revenue. And while the Concessionaire and lender have accepted the risk of fluctuating student housing demand, they have not accepted the risk of unilateral actions by the University that would negatively impact student housing fee revenues.

Second, please note that we intend to follow, as closely as reasonably possible, applicable CDC Guidance relating to social distancing and cleanliness/disinfecting, as well as APPA standards relating to cleanliness. However, it should be specifically noted that pursuant to applicable CDC Guidance, social distancing is not required amongst housemates - and roommates are considered housemates. Accordingly, while the CDC may be of the belief that reducing density in student housing may lower the possibility of infection, we do not believe that requires a reduction in the number of roommates that would typically be permitted in the student housing or the number of students that can be housed in a given building. Rather, we believe a more appropriate course of action would be to do things like limit the occupancy and use of common areas, shared bathrooms, and elevators – all things we are already preparing to address, if and as necessary this Fall.

Moreover, limiting the occupancy of on-campus student housing will not ultimately benefit students or the University community, since displaced students will be forced to occupy off campus housing that is likely more expensive and will not have the benefit of the same level of health-conscious operations the Concessionaire and the University can maintain in the on-campus housing.

We trust you will understand why we felt it important to make our position clear on these critical issues at this time. As always, we welcome the opportunity to discuss ways in which we may be able to collaboratively work together as partners to develop solutions to address challenges such as those the University is confronting as a result of the COVID-19 pandemic.

Please let us know if you have any questions.

Sincerely,

Corvias Campus Living – WSU, LLC



Kurt Ehlers
Authorized Representative