

Solution 3

Another great idea and great financial way to get new students more housing for cheap would be municipal bonds. Municipal bonds are “issued by a conduit issuer for the benefit of a private, not-for-profit borrower—the owner of the project” (Gerbino) which is given when a university engages in a Public Private Partnership, which “Over the last decade, universities have increasingly turned to” (Gerbino). All profit goes to the owner of the building but allows students to live in the building. While municipal bonds carry a great risk if no revenue is being generated, high demands for apartment pricing runs a low risk of revenue being not generated. Imen Bourchrika summarizes Knight Frank’s research in *82 Student Housing Statistics* saying “the demand for student housing is evidently higher than the additional beds being delivered by institutions of higher learning.”. This is why the demand for rooms can help mitigate said municipal bond's great risk. The other risk is the unwillings of many universities that don’t want to use a sketchy building. “A transaction aimed at avoiding risk or preserving debt capacity may indicate a lower probability the university would step in to support a struggling project or, alternatively, may signal a contingent risk to the university’s own credit.” (Gerbino). If the risk of safety is involved, added police officers in the lobby or building would be necessary. With such high demand, having rooms while spending more money for protection could be a fair trade. Especially when universities don't want to raise or mess with debts in their budgets. Location and essentiality matter in this case as well, essentiality refers to the building wanting to help achieve goals for the university. This is something that can help boost university image or spread word of the university. To find a building with great location and essentiality may be hard so picking one over another may make more choices to be discussed. If the university was interested in using any bond, the company Raymond Jones has done much work in the area of privatized student

housing sector. With all that being said, municipal bonds are something that more and more colleges are using today to provide housing to many students.

Back Matter

Budget For Solution 2:

The first building proposed is approximately 125,000 gross square feet. Gordian RSMMeans Data states that a standard labor union 85,000 gross square feet building made from brick veneer or reinforced concrete would cost around \$16,416,044.30. The building would provide four to eight levels of rooms. (*College dormitory (4-8 Story)—Commercial construction costs per square foot*) Adding roughly 40,000 square feet would raise the overall price to a new estimate of \$24,141,241.