



Sep 05, 2025

Categories:

[Matters of Interest](#)

[Publications](#)

Authors:

[John S. Egan](#)

[David A. Rogers](#)

Universities and the Use of P3s for Housing, Parking, and Other Infrastructure Projects

Public-private partnerships (P3s) have become an increasingly common model for universities seeking to address their housing, infrastructure, parking and other capital facility needs. Under a P3 arrangement, universities collaborate with private-sector partners to design, finance, build, operate, and sometimes maintain major projects. This model is especially attractive in higher education because it allows institutions to:

- Expand or modernize their campuses without bearing the full financial or operational burden.
- Seek a new revenue source as state funding declines and student expectations for campus amenities rise, resulting in a strategic tool to bridge the gap.

Monetizations

One variation on the traditional use of P3s is an asset monetization, where existing **systems are leased for a relatively long term—40 years or more—beyond the useful federal tax life** of that system to a governmental entity or nonprofit 501(c)(3). This lease becomes an acquisition for federal income tax purposes and then can be financed with tax-exempt bonds, leading to a payment to the original system owner—hence monetization. A twist on this structure—perhaps less common these days—involves the long-term ground lease of university facilities to a private developer and lease back to the university, with a large up-front payment being made to the university and used for academic, scholarship or other capital funding purposes. A prime example is The Ohio State University's long-term lease and concession agreement for all its parking facilities to QIC Limited in 2012, and the realization of \$483 million upfront, which was ultimately added to OSU's endowment fund (plus 50 years of maintenance).

Why Use the P3 Model?

There are several reasons universities turn to P3s, including:

- **Access to capital:** Many universities face budget constraints or debt limits that prevent them from financing large-scale projects through state appropriations or general obligation bond financing. A P3 shifts financing responsibility to the private sector, enabling development without directly impacting the university's balance sheet.
- **Risk transfer:** In a P3, risks such as construction delays, cost overruns, and long-term maintenance are shifted from the university to the private partner. This provides greater predictability and stability for university planning.
- **Operational expertise:** Private partners often bring specialized expertise in real estate, housing management, or infrastructure operations that universities may lack internally. This can result in more efficient facilities and better student experiences.
- **Speed of delivery:** P3s can streamline the procurement process associated with project delivery, as well as the project engineering, construction and installation of systems, so that new residence halls, academic buildings, or utility upgrades are completed more quickly than if managed solely through traditional university processes.

Why Not Use P3s?

Despite these benefits, P3s are not always the best solution in every case. Some potential drawbacks include:

- **Loss of control:** Universities may have less control over pricing, operations, or design features when a private entity is in charge. This can raise concerns about affordability for students, especially in housing projects. (Note that such concerns can be addressed through limitations placed by the university in the development agreement, facilities lease or affiliation agreement.)

- **Long-term commitments:** Many P3 agreements extend for decades, limiting a university's flexibility to adapt to future enrollment changes or shifts in strategic priorities. This problem can be countered, however, with a flexible operations agreement and with the use of an asset manager to ensure revenue growth is always a target.
- **Complexity and negotiation costs:** Structuring a P3 requires significant time, legal expertise, and negotiation, which can be more costly than planned.
- **Potential for higher costs over time:** While a P3 can reduce immediate financial burdens, private financing can be more expensive than public tax-exempt borrowing in the long run, potentially making the project costlier overall. The solution of course is to always use tax-exempt debt for the majority of the costs.

DBFOM or DBF?

The classic, full-blown P3 framework is the DBFOM model—**design, build, finance, operate, and maintain**. Under this structure, a private partner takes responsibility for every stage of the project lifecycle. The university typically retains ownership of the land, while the private entity manages the facility under a long-term lease or concession agreement. For housing projects, for example, the private partner designs and builds new residence halls, finances the construction, manages day-to-day operations, and ensures ongoing maintenance, while the university benefits from modern facilities without taking on debt. Again, adding an asset manager may help in assuring that ongoing operations remain in line with the university's goals.

An alternative, at the other end of the P3 spectrum, is the DBF model—**design, build, and finance**. Under this structure, the private partner is responsible for design, oversight of construction and arranging financing. But once construction is complete and a certificate of occupancy has been issued, the private partner turns the completed facility over to the university for operations and maintenance going forward. This structure may be particularly

useful in the context of adding a new parking garage to a university's existing parking system that is being run by the university or outsourced to a qualified parking garage operator.

P3 Trends to Watch

The use of P3s in higher education continues to evolve. Key trends include:

- **Student housing expansion:** With demand for modern, apartment-style housing rising, universities are increasingly turning to P3s to deliver residence halls that meet student expectations.
- **Energy and infrastructure projects:** Beyond housing, universities are pursuing P3s to modernize energy systems, water utilities, and district heating/cooling networks, aiming for sustainability and cost savings.
- **Mixed-use developments:** Some institutions are exploring P3s that integrate housing, retail, and academic space, creating vibrant "campus communities" that enhance student recruitment and retention.
- **Focus on affordability:** As concerns about student debt increase, universities are carefully structuring P3s to balance modern amenities with affordability.
- **Growing expertise:** Universities and private firms are gaining more experience with P3 structures, leading to more sophisticated and tailored agreements that better align with institutional goals.
- **Using an RFQ model:** As opposed to an RFP or pure bid model, the more open-ended RFQ process can allow a university to work more closely with dedicated experts at the early planning stages, resulting in proposals from developers that ultimately align more closely to the university's long-term goals and needs.

Key Takeaways

For universities, P3s represent both opportunity and complexity. They offer a pathway to new housing and infrastructure without overburdening limited resources, but they also require careful planning, negotiation, and oversight to ensure long-term success. When used strategically—particularly under models like DBFOM, DBF and with guidance from an asset manager—P3s can help universities modernize their campuses, improve student experiences, and remain competitive in a changing and challenging higher education landscape.

For questions or assistance with P3 projects, please contact the authors or any attorney with Frost Brown Todd's [Public Finance Practice Group](#).

© 2026 FBT Gibbons LLP. May be considered attorney advertising in some jurisdictions.