HOUSING SUPPLY SOLUTIONS FOR CITY LEADERS: FINANCE

Public-Private Partnerships with Higher Education Institutions

The acute housing supply shortage of almost 4 million units in the United States demands urgent action. Barriers to increasing housing supply exist across multiple sectors, including finance, construction, land use and regulations, infrastructure and workforce. In this series of fact sheets, NLC offers context, solutions and case studies for city leaders seeking to address these barriers and create more housing more efficiently and at lower costs. This Housing Supply Accelerator Fact Sheet series explores solutions in three critical areas: construction and development; land use and regulations; and finance.

Key Takeaways

- Higher education institutions are large employers and long-term community anchors committed to ensuring community vitality and economic growth, making them valuable partners in housing development.
- Higher education institutions can contribute to housing supply solutions through financial investments, land donations, and research.
- Public-private partnerships* with higher education institutions can help assure a stable, diverse and attainable supply of housing for all residents.

* A Public-Private Partnership (PPP) is a collaborative arrangement between government entities and private organizations to deliver services or infrastructure projects that benefit the public. In the housing sector, these partnerships can include joint funding, resource sharing, and collaborative development of housing projects.

Background

Higher education institutions, such as universities, colleges or community colleges, can be promising public-private partners for cities looking to expand the housing supply in their communities. The physical presence and long-term commitment of these institutions to their hometowns and local regions make them integral to the community's social, cultural, and economic well-being.

Higher education institutions also have a very direct interest in assuring that a community has an ample supply of housing: their students and employees need quality and affordable places to live. Cities can collaborate with higher education institutions to align their housing supply goals to better address the needs of university students and staff as well as other residents, ultimately enhancing overall community well-being.

The Benefits for Cities and Their Residents

A Win-Win Approach

Strategic collaboration between cities and higher education institutions can align housing goals for community and institutional needs. Another benefit of expanding housing via these partnerships: reduced tensions about housing issues between universities and surrounding neighborhoods.

Economic Stability and Growth

Colleges and universities are major economic drivers in many communities, attracting students, employers and investment. However, the benefits they bring can be hindered by local housing shortages. More broadly, limited housing supply contributes to housing insecurity and homelessness, which negatively impact safety, public health and economic stability for the entire community, including higher education institutions.

Student and Staff Recruitment Benefits

According to the Housing Access Survey conducted by the National League of Cities, DLR Group, and the International Town & Gown Association, approximately 33% of higher education institution respondents reported that housing availability impacts their ability to recruit students, while 24.7% said it affects staff recruitment.

More Options for Land and Investment

Higher education institutions play a vital role in addressing local housing challenges by contributing land, making direct financial investments, and supporting community benefit agreements (CBAs).** These institutions may invest in specific housing projects, contribute to local housing trust funds, or support rehabilitation initiatives. Land-grant universities, in particular, often hold land and housing stock that could be repurposed to address community-wide housing shortages.

** Community Benefit Agreements are legally binding contracts between coalitions of community-based organizations and developers that shape how local development projects contribute to improving the quality of life of nearby residents.

Research Support

Cities can also leverage higher education institution research to guide housing policy and identify opportunities for housing development. For example, higher education institutions can help conduct comprehensive assessments of available land supply for housing development, using geographic mapping systems (GIS) to document vacant land, brownfields, and properties controlled by public agencies and private entities. This collaboration not only enhances local housing supply strategies but also provides students with valuable real-world learning experiences in planning, development and public policy.

Did You Know?

The relationship between higher education institutions and local housing availability is complex. In many college towns, the cost of living and rent tend to be higher than in other cities due to the high demand for housing driven by students. As of 2020, only about 18% of undergraduates lived in on-campus housing, meaning the vast majority rely on the local rental market to meet their housing needs. Housing insecurity remains a significant challenge for students, as housing costs for some students significantly surpass tuition and fees.

Case Studies

COLLEGE PARK, MARYLAND
(Population: 34,740)

The College Park Community Preservation Trust Fund was created by the University of Maryland and the College Park City Council in 2023 to provide affordable and stable homeownership to residents of College Park, home of the university's flagship campus. The fund helps stabilize neighborhoods by promoting permanence and community involvement, reducing risk of displacement for long-term residents and encouraging homeownership among families and individuals who work or study at the university. The fund follows the model of a community land trust, a nonprofit mechanism where a trust acquires a property, maintains landownership, and offers a home for purchase. By separating the cost of the home from the cost of land, the trust is able to decrease the overall cost of homeownership.

Supported by $14.9 million in grant awards, the Community Preservation Trust Fund enables the partners to acquire properties and sell them to residents at below-market pricing. Additional partners include the State of Maryland, the Maryland Department of Housing and Community Development, and the Metropolitan Washington Council of Governments. In its first year, the trust purchased nine single-family homes and invested over $5 million in acquisition and renovation.

SELMA, ALABAMA
(Population: 17,971)

The City of Selma's housing crisis was exacerbated by a tornado in January 2023. As the city sought increased economic development following the tornado, it saw an urgent need to expand the supply of housing to attract employers, retain residents, and accommodate workers.

The city found a capable and willing partner in this work in Auburn University's Rural Studio Front Porch initiative, a program that involves students in design-build projects focused on sustainable, healthful communities. The focus of the partnership is on developing affordable and high-quality housing in Selma. Homes are designed and built by university students in Auburn's College of Architecture, Design, and Construction. A $1 million grant from the U.S. Department of Agriculture, which was supplemented by matching funds, finances the work.

Auburn University's President Christopher B. Roberts emphasized the importance of long-term planning to address both disaster recovery and systemic housing shortages, noting that "this collaboration across Auburn's campus and with local, state and national partners will help address the immediate crisis caused by significant storm damage, as well as more persistent challenges in the city."

Also playing key roles in the project are Auburn's University Outreach department and the Alabama Cooperative Extension System.

Next Steps for Your City

By fostering strong partnerships with higher education institutions, cities can take proactive steps toward housing supply solutions that benefit students, faculty, staff and the broader community.

Consider the following steps to engage higher education institutions in housing development:

BUILD RELATIONSHIPS. Connect with institutional leaders or community engagement offices to open lines of communication and identify opportunities for collaboration. Consider hosting roundtables, community forums and joint planning sessions focused on housing with higher education institutions.

ALIGN GOALS. Identify shared housing priorities through needs assessments and coordinated planning, goal setting, and implementation strategies. Focus on inclusive housing strategies that consider proximity to transit, services and amenities.

LEVERAGE RESOURCES. Identify available land, funding mechanisms, and policy incentives that can support housing initiatives launched in concert with higher education institutions.

MEASURE IMPACT. Use data-driven approaches, including community surveys, to track how joint housing initiatives deliver stability, affordability, and broader economic and social benefits.

By working collaboratively, cities and higher education institutions can create long-term housing solutions that serve both campus and community needs.