Critical Social Policy

Original Research Article

The business of universities: A case study of halls of residence

DAVE COWAN
Cardiff University, UK

KIANA BOROUMAND
New York University School of Law, USA

Abstract
In this article, we discuss the changing modes of provision of English Universities' halls of residence from University provision to a complex marketplace in which private provision dominates. We frame our analysis around five themes familiar to discussions of privatisations of public sector institutions: financialisation, affordability, infrastructure, regulation, and partnerships. We draw on our original research, which comprises a survey of 50 universities, readings of the corporate reports of the leading providers, and seven key stakeholder interviews. This data enables us to illustrate concerns about the effects on students and the University sector in England as a result of the shift in mode of provision.

Keywords
affordability, financialisation, infrastructure, partnerships, regulation

Corresponding author:
Dave Cowan, School of Law & Politics, Cardiff University, Museum Ave, Cardiff CF10 3AX, UK.
Email: CowanD1@cardiff.ac.uk

Critical Social Policy 1–22

DOI: 10.1177/02610183241249694 journals.sagepub.com/home/csp
Sage

Introduction

Universities, like most public sector institutions, have become governed by market and new public management principles (Brown and Carasso, 2013). They compete with each other on numerous metrics, both for private and public money for research, as well as for students (Robertson and Olds, 2017). Dramatic changes have occurred, including massive growth in student numbers, increased managerialisation, and 'academic capitalism' (Jessop, 2017). The student has been re-cast as an individual unit, marking a dramatic shift from the collegiate learning environment imagined until the 1990s (Tight, 2011).

This article concerns an aspect of this marketisation – the provision of student halls of residence ('HoR') – with a focus on England, although the trends discussed are global (Revington and August, 2020). The marketisation of HoRs provides a compelling and telling narrative about the modern University in the context of public institutions. Once considered a core part of the collegiate understanding of the University as a public institution, HoRs are now likely to be run by highly leveraged multinational corporations funded by global investment houses (like Blackstone) through billion-pound deals (Kollewe, 2020). Rents have risen 4.8 *per cent* on a compound basis since 2012/13 (NUS/Unipol, 2018: 7), leading to student segregation by price in a marketplace already impacted by precarity and financial insecurity (Reynolds, 2020). There are an array of arrangements, contracts, growth, and reputation management systems in place, which fall under the 'halo effect' of 'partnerships' (Valverde et al., 2020: 48).

The HoR sector, which is dominated by private purpose-built student accommodation (commonly referred to as 'PBSA'), is now a tradeable commodity – an asset bought and sold in globalised flows and exchanges – fuelled in part by a recession-proof supply of students who traditionally leave their home areas and require accommodation. Massive growth in student numbers has led to massive growth in HoRs. From a standing start in the 1990s, in 2021/22, 53.3 per cent of student beds were in private sector ownership (around 372,000) (Cushman and Wakefield, 2022: 16). Nearly £6bn was invested in the sector in 2020. In 2021, despite the pandemic, companies invested another £4bn (Savills, 2022). In some cities, there is over-supply of PBSA (McCann et al., 2020).

In this paper, we capture the effects of these changes through five themes commonly discussed in multidisciplinary social policy scholarship of this kind of privatisation: financialisation, affordability, infrastructure, regulation, and partnerships. In particular, we link each theme with that broader scholarship so that HoR can be understood critically. These themes emerged from our dataset, which we describe in the second section, and which includes a freedom of information survey of 50 Universities, interviews with key stakeholders, and analysis of corporate reports of leading PBSA providers. First, however, we discuss the development of PBSA in the context of the University sector.

The development of PBSA

In this section, we briefly discuss some of the key changes in the English University sector, and then explain the growth of PBSA.

The university context

Since the 1960s, there has been a massive expansion of student numbers in higher education in England. This has occurred in four different waves: following the Robbins review in 1963 (Committee on Higher Education, 1963); in the 1980s and 1990s (e.g., DES, 1991); and following the Dearing (1997) and Augur (Independent Panel, 2019) reviews. The 1991 review equalised the status of 'old' universities with polytechnic institutions as 'new' universities ('the post-1992' sector). The Robbins review assumed increased funding through grants for student accommodation, but this funding tapered off from the mid-1980s and was removed altogether in the 1990s. Each of the subsequent reviews has signalled a reduction in public funding. Students began paying for their education in 1998 with the amount increasing from £1000 per annum (pa), to £3000 pa (in 2006) and £9000 pa (in 2012) to £9250 pa currently.

Over the same period, universities began to compete against each other, and internationally, for students in a quasi-marketplace in which fee income is the primary source of revenue, rather than direct government funding. That competition has led to unprecedented investment in buildings and infrastructure. Universities have all the trappings of modern corporations – ratings agency, bond issuance, casualised working – with a general shift towards market practices (Hale, 2018). The language and practices of new public management have colonised universities, forcing them to become 'entrepreneurial', with consequential spaces for resistance (Power, 1997: 94–104).

The 1997 Dearing review and New Labour government policies produced the massification of higher education. By 2020/21, there were 2.66 million students studying full time at higher education institutions from 520,000 in the mid-1990s (Bolton, 2022). 1.63 m students required a bed space at University (Cushman and Wakefield, 2022: 7). This increase has driven PBSA development, but the prize asset is international students, who are regarded as able to afford higher rents and wanting higher quality accommodation (Reynolds, 2020).

Engelen et al. (2014) and Valverde et al. (2020) have found that universities have become dominated by real estate practices, insidiously introduced as a 'trojan horse', leading to a transfer of power and organisational logic to estate management. Student housing has become a financial pawn in the broader real estate practices of the University, for example being sold to compensate for losses in other areas (Independent Panel, 2019: 69).

The growth of PBSA

Until the 1980s, there had been a more-or-less consensus that HoR should be modelled on an Oxbridge-type college ideal and funded by government grant (Committee on Higher Education, 1963: 587–95). Universities were assumed to develop HoR to accommodate around two thirds of the expanded student population. By the late 1990s, however, the sector was falling 'far short' of that ideal (Rugg et al., 2000: 9–11). Student growth had overtaken accommodation expansion (Rugg et al., 2000: 11). Further, different waves of universities were differently servicing the accommodation needs of their student populations. For example, post-1992 universities had fewer students living in their accommodation (*id*).

Alongside the growth in students and decline in public funding, the cost of refurbishing existing stock and the planning environment were enabling factors in PBSA development (Hubbard and Smith, 2014: 96–7). Geographers have analysed the growth of PBSA in the context of alleviating the effects of studentification (student clusters in cities) and increasing exclusivity and segregation of the student population (Hubbard, 2009; Sage et al., 2013).

Concerns about inequality and the rise of a student precariat have been a central feature of this literature, as PBSA has morphed into more exclusive, gated communities of luxury accommodation, dominated by the rapid growth of certain providers and an influx of corporate operators (Kenna and Murphy, 2021; Reynolds, 2020). There has been an emerging discussion about the ways in which PBSA providers market their accommodation as lifestyle choices (Holton and Mouat, 2021; Sage et al., 2013: 2026).

Some have focused on the political economy of PBSA development. PBSA has made a market for itself, 'generating a self-perpetuating demand' (Holton and Mouat, 2021: 1875). The PBSA sector has emerged as a global investment site over a short period because it is regarded as 'low risk, providing portfolio diversification benefits and providing strong returns' (Newell and Marzuki, 2018: 525), especially after the global financial crisis (McCann et al., 2019). It is said to have '… bond-like properties as an asset class, with the cash flow nature of the student accommodation asset making it attractive to many investors in an income-driven investment market' (Newell and Marzuki, 2018: 536).

Running against this story of relentless growth and influx of global capital has been student resistance against rising rents, such as through rent strikes. Resistance came to the fore during the Covid-19 pandemic when students were literally locked in and went on rent strikes amid more general signs of resistance to PBSA (Reynolds, 2022).

Methodology

Our research project began in response to those pandemic-inflected student rent strikes in 2020. These rent strikes informed the questions that we began to address during this period about the effects of corporatism. Our methodology sought to identify issues and currents from within the University sector, as well as changes in the conceptualisation of the student and the University from the outside. Our sphere of interest was governed by the development of outsourcing and the rise of private providers. Since there is limited research on England as a whole, and limited research on the differences between universities, our methodology was speculative and designed to breach some of that obscurity. We used three particular methods: a freedom of information survey sent to 50 Universities; an analysis of corporate reports of three of the largest private providers; and a small number of interviews with key stakeholders in the sector. We discuss each in turn.

Survey

In 2021, we conducted an inquiry of 50 universities using the powers under the 2000 Freedom of Information Act, which requires public bodies, including Universities, to disclose information held by them, subject to certain exemptions including where disclosure would prejudice their commercial interests. As this is publicly available information, institutions can be named here. Our inquiry requested information about: numbers, types, and charges for accommodation over time, and when the University itself last constructed its own HoR or entered into a leasing arrangement with a developer. We also asked about the ownership and management of HoR. The third, and major, focus of our questions related to agreements between the University and external providers entitling universities to nominate their students to certain numbers of units of accommodation ('nominations agreements'). The literature on HoR had briefly referred to the structuring of the relationships between the University and external providers (see, for example, Hubbard, 2009: 1907; McCann et al., 2020: 133–4), but single city or University case studies have predominated in this field. We wanted to appreciate the different arrangements into which Universities entered, the timing of those arrangements, and the extent of change.

There are suggestions in the literature that some geographical areas are more exploitable than others where the cost of rental accommodation is cheaper (Revington and August, 2020). Accordingly, our sample of 50 universities was distributed by area – we divided England into seven broad regions (North West, North East, London, Midlands, Yorkshire and Humberside, Southeast, and Southwest); and by age of University – post 1992, 1960s institutions, 1900s, and older institutions.

What became apparent from the responses (n = 46) is that former divisions between different types of institution appear to have broken down. In the post-1992 sector, while eight had not constructed new accommodation this century, six had constructed new HoR within the last five years and the others since 2007. That distribution was roughly the same among other universities. The diversity of arrangements came out strongly from the 37 responses to our questions about nominations: 32 had nominations agreements, and these ranged from 12 months (n = 6) through to 40 years (n = 2). There was no apparent geographical nor University-type variation (cf. Rugg et al., 2000). Nearly all such agreements were with private companies, although two post-1992 and two pre-1960s universities had relationships with social providers.

As interesting as these responses were, perhaps the most telling responses pleaded the exemption relating to commercially sensitive information. Recent socio-legal studies of infrastructure have emphasised that, while organisations proudly provide images and a broad level of detail about developments, important technical details are undisclosed for this reason (Valverde, 2022). We were expecting some universities to respond claiming that exemption, but the variation in its use and which information was actually provided demonstrates just how sensitive this area is for the sector.

Most exemptions were claimed in relation to disputes arrangements and arrangements for voids, although four Universities claimed exemptions even for the length of their agreements. Those which did respond to the question about occupancy rates ranged from 80 *per cent* (Newcastle) to 97 *per cent* (University of the Arts) to 100 *per cent* (n = 4). When it came to the consequences of void rates, some were commendably forthright in their responses: 'Received an invoice for void rooms' (Westminster); 'the University guarantees payment' (Southampton); 'Yes, once in this current academic year 2020/21 impacted by the Covid-19 pandemic. Any void rooms at the beginning of the academic year become the responsibility of the University' (Newcastle); 'Targets are generally 97% or 98%. They have been missed, and the penalty is that we pay for the voids' (University of the Arts).

Corporate reports

We also considered the annual reports of the then three leading PBSA providers – Unite, Empiric, and the GCP Group (PwC, 2021: 3). The year 2020 was chosen because of the attention it brought toward the twin processes of financialised housing and the PBSA sector, and the greatest risks to their ongoing models as a result of the pandemic. The pandemic resulted in unexpectedly low occupancy levels, threatening profit margins and thereby exposing their operating logic. Nonetheless, in 2020, the sector perhaps paradoxically engaged in high-profile business activity, including acquisitions. This study found three particular themes in the sample of reports: the customerisation of the student; the importance of reputation; and the prioritization of investors.

Interviews

We supplemented these datasets in 2022 with a small number of interviews with key stakeholders (n = 7), conducted by MS Teams, with ethical approval from our University. Participants were selected because they had intimate sector-wide knowledge and experience of PBSA and its effects. They are referred to in our discussion by pseudonym. Three interviewees were employed by Universities, including a chief executive ('David') and two managers of estates including HoR ('Peter' and 'Angie'). Three interviewees were employed by PBSA providers ('Allie', 'Kibi', 'Byron'), and one housing association with a stake in the sector ('Doug'). We asked our interviewees to reflect on investment in the sector, its changes over time and the issues that have arisen, as well as the relationships (a relatively neutral word) which exist in the sector. Interviews lasted between 45 min and two hours, and the video conversations were transcribed for the purposes of analysis.

Analysis

All of our material was uploaded to NVIVO, a qualitative data analysis tool. We coded our data to determine if there were generalisable themes, first through an inductive method which looked for thematic repetition and patterns across the data around our research questions, and then overlaying that with social scientific concepts. Our backgrounds informed the latter—Cowan, for example, having been involved in a study of nomination agreements in a parallel context (local authority and social housing providers) (Cowan et al., 2009). The five themes emerged from this coding process.

Thematising PBSA development

In this section, we analyse our five themes in turn: financialisation, affordability, infrastructure, regulation, and partnerships. Although the themes overlap, separating them out demonstrates that each has had a particular impact on the growth, delivery, and ways of seeing the market for student accommodation.

Financialisation

Literature on financialisation can use the term glibly to refer to the general importance of finance to the development of PBSA (see Christophers, 2015), whereas the kinds of effects we are discussing are new forms of enclosure (Christophers, 2018). The significance of financialisation lies in the commodification of buildings and students (or individual beds) being wrapped up together as assets to be sold, which has led to a new specification of the student as subject ('customers'), alongside more general discourses informed by student fees. There are signs within the marketplace that student accommodation itself has become tradeable, with capital switching (Aalbers, 2008). The biggest investors in English HoR are sovereign wealth funds in Singapore and Saudi Arabia, pension funds in Canada and the USA, and property fund managers, which also have multi-country market exposure (Newell and Marzuki, 2018: 527–30).

The key moment of the global flow of capital appears to have been the global financial crisis in 2007–8, as the need for alternative investment sites for global capital became apparent (Wainwright and Manville, 2017). Put colloquially, our participant Peter, an estate manager, referred to 'a load of liquidity and money sloshing through the system', which needed an investment vehicle. It helped that there was a nascent track record of investment, which demonstrated strong domestic and international student growth, resilient returns, and which appeared recession proof (that is, student numbers have tended to increase during recessions). There was also knowledge from US universities of an investment market available for a mixed asset portfolio (Newell and Marzuki, 2018: 529).

In addition to the customerisation of the student, one of the clearest material effects of financialisation has been rising rents (Reynolds, 2022). As we detail below, rising rents are hardwired into agreements with PBSA providers. Universities commonly engage dampening practices in relation to rent-setting through the use of rent-pooling strategies. The other material effect has been the growth of exclusive HoR globally (Kenna and Murphy, 2021), as well as in certain sites in England, particularly London.

Affordability

The financialisation model does not yield to inequalities; rather, it reinforces them. The model is predicated on compounding rents to deliver robust and predictable returns on investment. There is no other regulation of affordability beyond what students are willing to pay.

Our survey asked for rent levels in both 2000/01 and 2020/21. Few Universities were able to provide this information. Brighton's rents ranged between £2145–2460 in 2000/01, to £5380–7850 in 2020, noting that all halls became self-catered in 2020. Durham's rents had increased from £2337 to between £5526–8385. Leeds provided weekly rents for the two periods: £82.33 (catered) and £49.63 (self-catered) for 2000; and £183.88 (catered) and £140.45 (self-catered) for 2020. However, comparisons are hard to make because there are notable differences: rental periods have increased in length (Durham from 30 to 39 weeks, for example), and most periods, where they were provided, were 40 weeks and over; additionally, the decline in catered accommodation has continued. Nonetheless, there are significant variations in rent levels between universities, which appear to depend on area and type of accommodation (self-contained, cluster, ensuite). Even then, if we take Newcastle (1960s University) and Northumbria (new), in the same city, there is variation in price – Northumbria charging up to £20 per week less, reflecting perhaps their different histories. Rents in some London universities are equivalent to regional universities. Rents are still set centrally, although they depend on what private providers are charging. However, Sheffield's response, as written in capitals, noted the following:

> THERE IS A DIFFERENT CALCULATION FOR RENT INCREASES UNDER THE PROJECT AGREEMENT FOR THE PFI BLOCKS, COMPARED TO THE UNIVERSITY OWNED AND THE LEASE AGREEMENT BLOCKS.

What this demonstrates is that 'flat rate' charges, which used to predominate, are breaking down depending on the type of funding arrangement in place governing the block. Sheffield (an old University) has a mix of provision, and was the only one in our sample to have PFI (private finance initiative) blocks. PFI was a much-used and derided technique to lever private money into public services, causing extra costs to be incurred by the public sector (Valverde, 2022).

The expansion of PBSA and the unaffordability of housing has led to a student body which finds itself in positions of precarity and financial insecurity (Reynolds, 2020), reliant on either work or family to assist with their expenses.

Rent now accounts for three quarters of the maximum student loan (Pooley, 2022). Universities' rent-pooling practices may dampen the more egregious rises in PBSA rents, but at the expense of increasing all rents in units of accommodation available to the University. As University chief executive David put it:

> The rent is set at the start of the lease, annual indexation through that period of the lease, usually with a cap of 4% or 5%, so, whatever inflation is, the annual increase to the University never goes above that. Likewise, there will probably be a floor of 1% so therefore actually there will always be a minimum increase of 1%. We then set our rents to students independently but with some reference to the underlying lease ….

Framed differently, students unable to rely on their family or carers are unlikely to be able to afford some HoR. As one provider put it in their annual report: 'Our customers benefit from having a great home to live in during their studies, at a rent that represents value for money' (Empiric, 2020: 11). The student-as-customer, on this view, is one who can afford what is on offer.

Infrastructure

The developing literature on infrastructure emphasises the ways in which use of that term coincides with a shift from public to private provision; the empirical finding that obscurity about the overall project is produced by focusing on single projects as opposed to seeing the whole picture; and (in the context of the University) the ways in which progressive intentions in relation to projects can become 'Trojan horses' leading to the University project being overtaken (Engelen et al., 2008).

Power (1997: 94) suggests that accounting information systems 'serve to constitute a realm of facts'. These facts are also constituted by the University mission statement which ally the University with research and teaching missions (with different emphases, depending on the institution) – as opposed to the more collegial understanding of the University as a public good in which HoR are core activities (Strathern, 2006: 196).

At different stages and times, and by a sleight of accounting hand, HoR have simply been written off the University balance sheet. They are not part of the 'core business' of the University. Consider the penultimate paragraph in Newell and Marzuki's field-defining paper in which they discuss the reasons for the development of HoR as an investment asset class (meaning that it is part of an investment portfolio, and can be bought and sold by home and overseas pension schemes, which are massive investors in the sector): 'This is further supported by many universities seeking to be less engaged with their student accommodation and seeking to free up capital from their balance sheets *for the more primary functions of teaching and research*' (2018: 537, emphasis added).

Similarly, our interviewees referred to HoR as being 'ancillary to the core purpose of the University' (Peter) and on the 'periphery of stuff around the outside' (Kibi). Generally, it is either a 'non-profit business' or, as Angie put it: 'an area that should certainly cover its own costs and make a contribution to the overheads and perhaps even to the profitability of the institution. But the level to which universities really see [HoR] as a kind of profit making, well obviously it's gonna influence how they run it'. These different perspectives illuminate how institutions' views of HoR impact their management and approach to provision.

Once written off as being outside the core purpose, HoR can come off the balance sheet; or perhaps it was the other way around (and different universities may well have approached it differently). This accounting sleight of hand *created* the market at a time of student expansion after the 1990s. Notably, the date by which the University outsourced its provision affects both the type of model employed and the degree of outsourcing. Further, at a more complex level, the ecology of HoR will also depend on the phasing of its outsourcing. Some, for example, have a diversity of models, depending on the level and type of partnership employed with the particular provider and the provider's identity. Others may be informed by what is then in vogue.

Three types of models have now emerged, as might be expected in a boilerplate-type culture seeking to self-replicate: leasing, nominations, and University-owned (perhaps with management outsourced). We discuss these models in more detail below, because their consequences are different. As our PBSA participant Allie described this differentiation and fragmentation:

> … there are as many arrangements as there are universities, and there was a time when I was simultaneously negotiating two agreements, both on the South coast of England, and, in one conversation with one University, it absolutely categorically could not be a lease. It had to be a nominations agreement, even though it looked very like a lease to me, and [with the other], it looked very like a nominations agreement, but it absolutely categorically had to be a lease, and that ended up like a lease and act[ed] like a lease ….

Universities themselves have become more knowledgeable about the market over time, and, in tune with Engelen et al.'s findings (2008), have developed and professionalised activities. All three of our University interviewees came from the private sector; one came from a PBSA provider and another from the housing association sector. Against this, however, PBSA provider Kibi referred to the lack of commercial acumen among the University governing body. As she put it: 'The University still doesn't understand what we do, and they still don't care. They talk a good story, but that is all they do. It is extraordinarily frustrating. …. That is across the board'.

In summary, the HoR market is somewhat different from public sector infrastructure projects, but the 'art of the deal' is becoming more commonplace in an increasingly knowledgeable set of local and regional universities. Nevertheless, significant variations between universities remain.

Regulation

Here, we draw attention to formal and informal modes of regulation relevant to HoR. We begin with formal regulation—specifically, University regulations and housing standards enforcement. Although there is no public regulator of HoR, universities are auditable institutions, with research and teaching quality assessments, rankings schemes, and credit ratings. The significance of each of these cannot be overstated as regulatory devices in the field (Hale, 2018). Credit rating agencies are 'the key party that holds access to the private finance market' (Smyth et al., 2020: 17). Externalised audit mechanisms form one set of regulatory measures which provide both comfort and concern to funders, and therefore affect the growth of PBSA. As Ireland (2003: 86–7) notes, 'the main purpose of much actual and proposed 'regulation' – even that with a progressive bent – is often not so much to replace market goals as to assist in their realisation'.

Housing standards are also important to consider, at the very least as a foil to the comparatively unregulated HoR sector. Generally, many of the controls and regulatory provisions which apply to the rented sectors have no application to HoR. University halls do not need to be licensed as houses in multiple occupation, provided they sign up to a code of practice (Housing Act 2004, sch 14, para 4). The exemption provides an incentive to sign up to a voluntary code. University participant Angie, who had knowledge of one such code, understood that around 95 *per cent* of PBSA providers were members. The codes were described as a kind of quality mark, as they required external verification. They do not restrict chargeable rents.

At least some HoR are exempt from security of tenure, which is important as the rooms can be re-let during holiday periods, provided that this does not constitute a business (for local taxation purposes). Local authority housing standards enforcement rarely intervenes against HoR, regarding the codes of practice as sufficient. The FoI requests indicated few complaints and evictions. All of this lack of regulation makes HoR a more attractive investment site than the increasingly regulated private rented sector.

Nonetheless, there are important modes of informal regulation, most notably in the form of reputation management. Our interviews and corporate report study indicated a focus in PBSA on welfare and security. One of the regularities in the corporate reports was an appeal to ethical principles. Empiric (2020: 12) informed their readers that, as part of their brand management, 'We want to become known as a responsible provider and manager of homes, not halls'. GCP (2020: 37) wrote that its core value was 'doing the right thing'. That core value, readers are told, influenced their responses to Covid-19 in applying rent rebates (*id.*). There are other illustrations of this kind of reputation management. For example, we were told in our interviews that PBSA providers dealt with cladding issues, costing around £2million, without being required to do so.

PBSA providers engage in surveys of students' needs and wants in relation to their HoR, and develop accordingly. PBSA provider Allie argued that, as a result of their survey of international students ('They're looking for security. They want to be working, living with a blue-chip provider'), PBSA had helped Universities grow their international market. As Allie also noted, PBSA scored higher than the University HoR sector in those surveys 'on pretty much every measure of management, pretty much every measure of all meaningful criteria outperforming University-owned accommodation, which [she thought was] really interesting'.

For some University officers, however, the focus on welfare may be skin deep in the more commercial forms of PBSA. As housing association provider Doug described it:

> I think the other thing is that we [a housing association] have a moral responsibility to the students, and I don't think they [private providers] do. I think they talk about it. If something hits the crap, it's going to be a [University] student. It's not going to be a [University] student staying at a [private] property.

This also reflects the ethical discursive narrative in the annual reports, both for accumulation as well as for omission. Much is left silent. During the pandemic, for example, students began collective actions throughout the UK to receive rent rebates—but these large waves of student activism and public frustration were largely unmentioned in the corporate reports. GCP, for instance, vaguely cited 'other unavoidable factors' (GCP, 2020: 37). The potential liabilities that student tenants presented – through collective rent strikes – were overshadowed by a discourse that subjectivised them and reframed the fruits of their activism as the goodwill of the PBSA providers' own reputational character. While those governing GCP may have believed that they were 'doing the right thing' by allowing students rent rebates, this commitment was their 'brand' (p 48). The 'right thing' becomes the veneer of the product, and anything which could tarnish a corporation's brand could therefore tarnish their ability to sell that product. As Doug put it:

> It's slightly abhorrent that you're making that money on [an 18 year old kid]. We all know it's all about the property price – and the value of that price and the value of the business if they sell on – but you cannot have the same moral compass as someone like us, a University. You can't.

Doug's sentiment, distinguishing between universities and PBSA providers, was echoed by University chief executive David as well. He noted, 'If you lose your reputation, if you're found to do anything that endangers students you lose everything'. This key underpinning form of regulation – the ethic of reputation – came across as a strong theme throughout the interviews and helps elucidate the nature of PBSAs' self-regulation.

Through its attempts to regulate itself, the PBSA sector ultimately reveals both its central motivations and one of the key effects of financialisation – that is, the translation of the identity of the student into a 'customer' formed by interactions which have branding and reputation management at their core. This translation also demonstrates how responsiveness to the 'customer' is a critical part of the market model of PBSA providers.

Partnerships

In this section, we discuss the relationships which exist between PBSA providers and universities under the rubric of partnership. Even during the pandemic, Unite (2020: 65) wrote that their response '… included protecting our long-term reputation and enhancing our University partnerships through the pandemic'. The only dissenter from the partnership idea was our housing association participant Doug, who told us:

> 20 years ago, when I first started getting involved, I really thought partnership with unis was the way forward – it's just not gone that way. What they have done is people have built accommodation on spec and at risk with no nominations support but knowing they have a great location. Then unis approach them and sign an agreement – because unis haven't done anything for a couple of years, they can buy it. It's just there. Taking that risk, the [providers] have been rewarded.

Partnerships have no precise legal form (Valverde, 2022), although relationships are contractually formed around a particular development. While the research on HoR has so far discussed moderating and fracturing acts of resistance to financialisation (see, for example, Reynolds, 2022), partnerships can also be spaces in which stabilising acts of resistance occur – that is, unseen acts which seek to threaten partnerships but ultimately bring them into line with the prevailing norm (see Harding, 2011: 46).

In this section, accordingly, we draw attention to three issues: the formal partnership between the University and PBSA provider or manager of University-owned HoR; pandemic effects on partnerships; and the partnership as a site of stabilising resistance.

Formal governance

The literature on the development of PBSA has not yet grappled with the complexity and diversity of relationships between providers and universities. It is that complexity and diversity, including geographical diversity, which is core to this discussion. What is equally core, however, is the lack of transparency. Contractual documents are impossible to access because they are commercially sensitive, as opposed to the glossy corporate reports.

Nominations agreements commonly tie a University into providing a steady flow of nominees for an individual HoR, which is guaranteed by the University by reference to occupancy level (up to 100 *per cent*, as our survey indicated). Failure to meet the occupancy level results in a financial penalty, the extent of which is unknown to the authors. It is understood that the University must pay the fees for the contracted occupancy level, and that failure to do so will result in a payment at a certain percentage point above the rate of inflation. The length of the agreement is subject to negotiation.

Variants have developed. As University estates manager Angie told us:

> Of course, none of our agreements are the same. We've got a range of nomination agreements, referral deals, soft Noms and so on. Effectively they're all the same, just the financial liability will be different with each. Effectively, what we have is students all apply to our portal and we allocate the rooms. … We might be financially liable for 98% occupancy at one hall. We might be in another hall where we can give back rooms in August if we haven't sold them. … Obviously the financially liable rooms, we need to get rid of those first before we give the ones back we can give back.

What the prospective student will see is the University's own online booking scheme, but allocation of rooms is by the University's financial liability.

Leasing agreements are also undisclosed. They may take effect by way of sale and leaseback, or simple leasing agreements of already built PBSA. The University's exposure is generally different from nominations agreements because the University is leasing the land and buildings, and accordingly pays a fixed amount per annum. The fixed amount increases by the retail or consumer price index plus a certain percentage (which is subject to negotiation – different schemes and different universities will have different levels). University chief executive David described the negotiations:

> With our straight leasing models, an approach you can take is actually you divorce the student rents from the underlying rent that the University is paying on the lease. So we've actually re-geared a number of our leases, and effectively it's just whenever you enter into them effectively, what's the market term? … at [this old University] the way the model works is whilst all the maintenance, the insurance etc, a lot of the management is done by the accommodation owner ….

This comment suggests that they have a standardised format for negotiations, but which is temporally dependent. The rent model is upwards only, and assumes an uplift above the consumer price index.

Other arrangements such as PFI and DBFO (where the University leases land to a provider which then designs-builds-funds-operates the HoR) were generally frowned upon, in part because of their lengthy terms, and their bad reputation. Exposure to these types of schemes depends on when the University made its decision. David told us that PFI had benefits but also burdens: 'It's advantageous because it sits off of an institution's balance sheet …, these things are about 85% leveraged, and usually there is ultimately some recourse to the bond note holders back to the institution, and I can see some of these unwinding at some point in the future just because of the tenure and the fact that they're index-linked'.

Alongside these kinds of arrangements, there are other ways of cutting up HoR. If ownership is retained, management and maintenance of University blocks will often be outsourced, and web-based platforms facilitate access to more specialist teams beyond University maintenance teams.

Pandemic effects

Universities' pandemic-related financial exposure was different depending on the model used for any particular unit of accommodation. Those with nomination agreements were less exposed according to David, whose University was in a city with two universities employing different models. David's model was predominantly leasing; the other local (new) University predominantly used nominations agreements. Under the former, the University was still required to pay rent according to the lease, with students who had been let out of their agreements early. The financial liability was 'tens of millions of pounds'. The other University's students had to deal with the PBSA provider directly, the University having no financial liability itself.

It was also at this time that the idea of partnership was tested. Angie's University released students from their contracts if they did not want to be there. However, the University's 'partners' adopted different stances:

> [X] were the first ones to come out and offer a way out for the students, which was really admirable. We thought after that the others would follow, but they didn't. … we'll be more loyal to [X] because of it. … We were caught at [one HoR], obligated to pay a 90% occupancy on a hall that was probably 60% full. It cost millions. … Our University – and all the other universities – were living on their academic fees. The accommodation loss was written off against that.

Pandemic effects were regarded as commercially sensitive by many survey respondents. Where answers were supplied, the identity of the partners appears to be the critical variable. Birmingham City University (new), for example, reported: 'Tenancy agreement is with the provider and student so all rent owing from students are paid directly to the private providers'. Newcastle (1960s) wrote that 'Any void rooms at the beginning of the academic year become the responsibility of the University. … We are unable to comment on debt with our nomination schemes as the landlords collect their own rent'. Salford (1960s) was required to pay 100 *per cent* on their void units. There was a potential liability of upwards of £100million. Reflecting on the values and understandings of partnership in these circumstances, we need to recognise their financial exigency: partnership works when it is to the financial benefit of both the provider and the institution, but the model breaks down in the face of financial liability.

Stabilising resistance

Partnerships are a process. What our participants took from some PBSA providers' responses to the pandemic was that PBSA providers and Universities had different understandings of their partnerships. These differences are likely to affect the PBSA provider's future development prospects locally, at least in some areas. We see this as an example of the kinds of stabilising resistance which go unseen and do not affect the ongoing model of provision.

Universities have recognised that they have power in some localities. David told us that the local authority would not allow any further PBSA development unless supported by the University. The University can therefore dictate the identity of providers in its city. Although some providers take the risk of developing without partnerships with universities, particularly in high demand areas, partnerships are risk management devices which provide income stream certainty. Doug told us that this squeezed the housing association sector out of the market: 'University employees chose to sell accommodation to the highest bidder – but you never get it back, and we have decided not to invest in student accommodation and have sold or gifted land to private providers'.

Other unanticipated sites of stabilizing resistance can emerge spontaneously. Planning policies provide the most pertinent example of this. The London Assembly has developed planning policies which require new HoR to offer 35 *per cent* of rooms at affordable rents (Wyllie, 2021). This has led to developer flight from central areas to areas which are less desirable and harder to rent. Affordable rooms, while appropriate for the sector, led to concerns about how they might be priced and allocated: 'I'm dreading it because how do we decide who gets an affordable room? What does the room that's next door to the affordable room who's paying £30 more a week, how do they feel?' (Angie). The policy represents a risk to the sector without seeking to disrupt the underlying model.

There are other signs of stabilizing resistance, forcing partners to confront service standards. Enforcement of the code of practice is one such factor. When Angie took over managing the University's offer in the early 2010s, levels of service to students were extremely poor around security and care. She 'banged their [partners'] heads', calling them in for a meeting, and emphasised how she wanted to work with partners:

> I don't want to fall out with [X]. [They] are in it for the long term. …. They're not going anywhere. …. We would prefer to work with somebody who's been around that we know who's not after an exit plan. Sometimes needs must. We're in a deal with [a private provider] at [ ] and it's probably the rockiest deal we have because we're just not aligned in our thinking at all, so we just constantly battle.

She made the point that universities' accommodation managers do now talk to each other, regionally and nationally at conferences, as opposed to the previous atomisation of such individuals. Angie was an active contract manager, requiring individual face-to-face meetings with providers looking at their KPIs: 'If they fail [service level agreements], we fine them. We're quite strict. We hear in the market we're pretty tough. Some other universities just let them get on with it, but we don't'. Governing by the strict terms of the contract kept partners in line and ensured that deviance was punished financially.

Conclusions

In this article, we have drawn on a speculative methodology to discuss themes in the mixed economy of provision of HoR. We have emphasized five themes – financialisation, affordability, infrastructure, regulation, and partnerships. All of these resonate with broader literatures and studies of higher education, particularly around financialisation and the entrepreneurial University (Jessop, 2017: 863).

There are some key differences among these literatures, however, which we now address. First, University accommodation officers must see like a state, that is to say, the whole picture, because they need to know how they can allocate students as well as give choice each academic year. They must plan every year, and need to know how much stock they will have as well as where it is. They need to consider its desirability. They also need to know which HoR will cost the institution more, in the event that they are unable to meet their quotas. That appears to be different from the individual deal-by-deal approach in the broader infrastructure literature. Further, there is no single boilerplate deal which is in place; deals and their construction change depending on the institution, time, geography, as well as other factors.

Secondly, there are parallels between the literature on the HoR sector and the mixed economy of social housing provision in the UK, although those parallels break down. Social housing residents rarely have choice and exit. Students are mobile and have choice (hence the significance of reputation). Housing associations are said to be social businesses, and the same might be said of Universities, but not PBSA providers where there is an active set of discourses about the nature and extent of their 'social'. There are a range of providers, and for some, a welfare orientation appears to be useful only insofar as it will attract customers.

Finally, the anxieties evident in this article concern what our findings say about us, as universities, University employees, and students. Although everything may be 'for sale' in higher education, that kind of phrasing does not do justice to the ways in which students have become commodified and sorted as to their status—unusually, in politics at least, students from abroad are more valuable than home students—and ability to pay.

Universities and PBSA providers are engaged in games of risk and risk management, with each losing considerable sums of money as a result of the pandemic. There is no transparency about the agreements into which they enter, nor about the management and accountability mechanisms in place. That secrecy enables a different mode of governance between partners that is not subject to scrutiny. Indeed, different universities in different parts of the country at different times have entered into different agreements with little uniformity—leading to significant and varied implications for the provision of student housing.

Acknowledgements

We are grateful to our research participants for their time and engagement with our project. We would like to thank the University of Bristol which provided a small grant to enable this research to be undertaken.

Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

References

Aalbers M (2008) The financialization of home and the mortgage market crisis. *Competition & Change* 12(2): 148–166.

Bolton P (2022) *Higher Education Student Numbers*, Research Briefing. London: House of Commons Library.

Brown R and Carasso H (2013) *Everything for Sale? The Marketisation of UK Higher Education*. London: Routledge.

Christophers B (2015) The limits of financialization. *Dialogues in Human Geography* 5(2): 183–200.

Christophers B (2018) *The New Enclosure: The Appropriation of Public Land in Neoliberal Britain*. London: Verso.

Committee on Higher Education (1963) *Higher Education, Cmnd 2154*. London: HMSO.

Cowan D, McDermont M and Morgan K (2009) Nominations: An actor-network approach. *Housing Studies* 24(2): 281–300.

Cushman & Wakefield (2022) *UK Student Accommodation Report 2022*. London: Cushman & Wakefield. Available at: https://image.comm.cushmanwakefield.com/lib/fe37117171640578741271/m/2/Cushman+Wakefield+Student+Accommodation+Report+EXPO+2022.pdf

Dearing Review (1997) *Higher Education in the Learning Society*. London: HMSO.

DES (1991) *Higher Education: A New Framework, Cm 1541*. London: HMSO.

Empiric Student Property PLC (2020) *Annual Report & Accounts*. Available at: https://www.empiric.co.uk/investors/results-reports-presentations/?year=2020.

Engelen E, Fernandez R and Hendrikse R (2014) How finance penetrates its other: A cautionary tale on the financialization of a Dutch university. *Antipode* 46(4): 1072–1091.

GCP Student Living PLC (2020) *Annual report and consolidated financial statements for the year ended 30 June* 2020. Available at: https://cdn.graviscapital.com/graviscapital/files/01_Web_GCPSL_AR20_FINAL.pdf.

Hale T (2018) The great balance sheet shift of British Universities. *Financial Times*, 3rd July.

Harding R (2011) *Regulating Sexuality*. London: Routledge.

Holton M and Mouat C (2021) The rise (and rise) of vertical studentification: Exploring the drivers of studentification in Australia. *Urban Studies* 58(9): 1866–1884.

Hubbard P (2009) Geographies of studentification and purpose-built student accommodation: Leading separate lives? *Environment and Planning A* 41(8): 1779–2032.

Hubbard P and Smith D (2014) The segregation of educated youth and dynamic geographies of studentification. *Area* 46(1): 92–100.

Independent Panel (2019) *Review of Post-18 Education and Funding*, CP117. London: HMSO.

Ireland P (2003) Property, private government and the myth of deregulation. In: Worthington S (ed) *Commercial Law and Commercial Practice*. Oxford: Hart, 85–122.

Jessop B (2017) Varieties of academic capitalism and entrepreneurial universities: On past research and thought experiments. *Higher Education* 73(6): 853–870.

Kenna T and Murphy A (2021) Constructing exclusive student communities: The rise of 'superior' student accommodation and new geographies of exclusion. *The Geographical Journal* 187(2): 138–154.

Kollewe J (2020) Blackstone pays record £4.7bn for student housing firm iQ. *The Guardian*, 26th February.

McCann L, Hutchison N and Adair A (2019) External funding of major capital projects in the UK higher education sector: Issues of demand, supply and market timing? *Journal of Property Research* 36(1): 97–130.

McCann L, Hutchison N and Adair A (2020) Student residences: Time for a partnership approach? *Journal of Property Investment and Finance* 38(2): 128–146.

Newell G and Marzuki M (2018) The emergence of student accommodation as an institutionalised property sector. *Journal of Property Investment & Finance* 36(6): 523–538.

NUS/Unipol (2018) *Accommodation Costs Survey* 2018. Available at: https://www.unipol.org.uk/getmedia/ead8ba2b-d770-4127-83e2-0dc93835e2d8/AccommodationCostSurvey_2018_FullReport_WEB.PDF.aspx.

Pooley C (2022) Student housing is the bubble that won't burst. *Financial Times,* 1st December.

Power M (1997) *The Audit Society*. Oxford: OUP.

PwC (2021) UK Student Accommodation. Available at: https://www.pwc.co.uk/government-public-sector/education/documents/uk-student-accomodation.pdf.

Revington N and August M (2020) Making a market for itself: The emergent financialization of student housing in Canada. *Economy and Space* 52(5): 856–877.

Reynolds A (2020) Geographies of purpose built student accommodation: Exclusivity, precarity and (im)mobility. *Geography Compass* 14(11): 1–18.

Reynolds A (2022) Contesting the financialization of student accommodation: Campaigns for the right to housing in Dublin, Ireland. *Housing Studies* (online first).1–21.

Robertson S and Olds K (2017) Locating universities in a globalising world. In: Strike T (ed) *Higher Education Strategy and Planning*. London: Routledge, 13–29.

Rugg J, Rhodes D and Jones A (2000) *The Nature and Impact of Student Demand on Housing Markets*. York: JRF.

Sage J, Smith D and Hubbard P (2013) New-build studentification: A panacea for balanced communities? *Urban Studies* 50(13): 2623–2641.

Savills (2022) *Student Accommodation – Q1 –2022*. London: Savills. Available at: https://pdf.euro.savills.co.uk/uk/market-in-minute-reports/mim-savills-student-accommodation-q1-2022.pdf.

Smyth S, Cole I and Fields D (2020) From gatekeepers to gateway constructors: Credit rating agencies and the financialisation of housing associations. *Critical Perspectives on Accounting* 71: 1–18.

Strathern M (2006) Bullet-proofing – A tale from the United Kingdom. In: Riles A (ed) *Documents: Artifacts of Modern Knowledge*. Ann Arbor: University of Michigan Press, 181–205.

The Unite Group PLC (2020) *Annual Report & Accounts* 2020. Available at: https://www.unitegroup.com/wp-content/uploads/2021/10/The-Unite-Group-plc-Annual-Report-and-Accounts-2020.pdf.

Tight M (2011) Student accommodation in higher education in the United Kingdom: Changing post-war attitudes. *Oxford Review of Education* 37(1): 109–122.

Valverde M (2022) *Infrastructure: New Trajectories in Law*. London: Routledge.

Valverde M, Briggs J, Tran G, et al. (2020) Public universities as real estate developers in the age of 'the art of the deal'. *Studies in Political Economy* 101(1): 35–58.

Wainwright T and Manville G (2017) Financialization and the third sector: Innovation in social housing bond markets. *Environment and Planning A* 49(4): 819–838.

Wyllie J (2021) What does the new London Plan mean for the PBSA sector? *Montpelier Private Finance*, 20th August. Available at: https://www.montpelierpf.co.uk/post/what-does-the-new-london-plan-mean-for-the-pbsa-sector.

Author biographies

Dave Cowan is Journal of Law and Society Professor of Socio-Legal Studies at Cardiff University. He researches issues around housing and homelessness, with broader interests in the effects of financialisation on social housing providers. Researching halls of residence is an offshoot of this interest, and reflects a parallel concern about the changing specification of the university and the student. He is co-author of *Ownership, Narrative, Things* (Macmillan, 2018), a study of shared ownership, *Great Debates on Land Law* (Bloomsbury, 2023); and *Housing Law and Policy* (Cambridge, 2012).

Address: School of Law & Politics, Cardiff University, Law Building, Museum Ave, Cardiff, CF10 3AX

Email: CowanD1@cardiff.ac.uk

Kiana Boroumand will receive her Juris Doctor from the New York University School of Law in May 2024. Prior to attending law school, she was a Fulbright Scholar at the University of Bristol, where she received a master's degree in Socio-Legal Studies and conducted research on financialized housing. She holds a bachelor's degree in Sociology and English from the Johns Hopkins University.