

COVID-19: The Changing Landscape of Student Housing

Presenters



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Introduction

- Welcome and Overview
 - COVID Resource Center
 - Education Industry Group
- Introduction of Speakers
- Submission of Questions

The Situation is Evolving

- Universities dealing with a myriad of issues related to COVID-19
- Huge hit on finances
- Focus on intersection between student housing and COVID-19 crisis
- CDC has issued specific guidance for higher education institutions
 - <https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-ihe-response.html>

Housing Closures

- Different types of projects
- Landlord and tenant jurisdictional issues
- Fair housing issues

Maintaining the Asset; Students who remain

- Students remaining on campus
- Maintaining the asset and keeping facilities safe and secure
- Certain costs will continue, even while vacant
- Parties have shared interest in maintaining the collateral
- Owner/operator still responsible for providing certain services
- Staggered staffing
- Room furnishings turnover

Cost of Reimbursement

- CARES - Higher Education Emergency Relief Fund
- Lawsuits against universities
- Business interruption insurance

Financing Related Issues

- Rent structures
 - Ground leases
 - Student leases
- Cash sweeps and lockboxes
- Review ground leases and operating agreements
- Different student housing projects treat risk of occupancy differently
- Does force majeure provide any remedy?
- Issues of reimbursement when housing payments are in lump sum to trustee
- How does university satisfy own debt covenants
- Not receiving ground rents

Disclosure Issues

- What should be disclosed?
- When should disclosures be made?
- How COVID-19 is impacting your business and operations
- Primary offering disclosures

What will be the new normal?

- Disclosure in future financings
- We don't necessarily know what the new normal will be
- Re-negotiating documents
- Dependent on decisions of colleges and universities to reopen
- Housing arrangements may be shuffled
- Nature of underlying documents may change
- May impact form of student leases and payments of rent