

GREEK REVIVAL

There's a revival of Greek housing at universities across the nation. Here's why.

By Frederick W. Pierce, IV

When thinking about Greek Life on a university campus, it often conjures up images of toga parties, John Belushi and the legendary movie *Animal House*. But the reality is that yesterday's stereotype is a far cry from today's Greek Life focus on leadership development, volunteerism, academic excellence, personal responsibility and — increasingly — new Greek housing projects. As a result, America's universities are undergoing a Greek revival and housing is often at the center of it.

MEMBERSHIP

Nationally, membership in Greek organizations is on the rise. According to the North-American Interfraternity Conference (NIC)¹ — the umbrella organization representing 75 national and international fraternities — between Academic Year (AY) 2005-2006 and AY 2009-2010 total members in NIC organizations have increased by almost 17 percent from 260,745 to 304,171 and annual new recruits have grown by over 24 percent from 74,707 to 92,868. These organizations are also expanding with new chapters which have grown almost nine percent from 5,183 nationwide in AY 2005-2006 to 5,626 in AY 2009-2010. Chapter sizes have also increased by eight percent from an average of 50 members in AY 2005-2006 to 54 members in AY 2009-2010.

Similarly, national sororities have also been steadily growing in recent years by all measures. The National Panhellenic Conference (NPC)² — the organization representing the 26 national sororities — reports the number of its chapters has reached nearly 3,000, up about three percent since 2005. For the same period, new membership has increased by 17 percent bringing total undergraduate members to nearly 269,000 nationwide as of June 2010.

2-Year Period	New NPC Members
1999-2001	156,000
2001-2003	156,000
2003-2005	159,000
2005-2007	163,000
2007-2009	176,000
2008-2010	186,000

GREEK HOUSING DEMAND

Much like the nation's aging stock of on-campus dormitories, much of the country's stock of Greek housing is physically and function-



Fraternity Row at San Diego State University.

ally obsolete. Facilities are void of current technology and infrastructure, do not meet ADA standards, lack modern amenities and possess antiquated sleeping and bathroom accommodations that do not compete well with new, purpose-built, student apartments. Equally challenging, most Greek houses have more bed spaces than the organizations can consistently fill, despite recent growth in membership. This has everything to do with the above referenced deficiencies and related lifestyle choices. If a project gets these issues right, new housing can catapult organizational success.

More and more, universities, fraternities and sororities are turning to new housing solutions to take their Greek Life programs and individual organizations into the next generation. Most commonplace are new Greek housing projects that are replacing deficient and outdated existing facilities. A word to the wise is that the operational rules and staffing plans can definitely impact the bed-space demand in Greek housing projects, so it is very important to take those into consideration. Gaining support and involving alumni is also very important.

PRODUCT TYPE

At least 20 Greek housing projects have been built in recent years or are in planning at colleges and universities nationwide. From among those, a small handful of product types have emerged as the most prevalent including

traditional, townhome-style, chapter houses and dormitory style. Of course, many projects have included a mixture of these facility types in their product offerings.

A “traditional” Greek housing product consists of a sub-division of free-standing facilities each typically including 10 or more beds. Historically, most Traditional Greek houses included 35 to 45 beds, but the more contemporary model would be for a much smaller bed capacity. Birmingham Southern University is a good example of the contemporary Traditional Greek subdivision, where they completed Fraternity Row with six fraternities each with a bed capacity of 18 to 24 men. Due to the larger amount of common space and low density of development, traditional Greek housing projects can be a more expensive solution.

“Townhome-style” attached buildings have also become popular, particularly in urban locations. These projects have taken the form of a cluster of attached units where often chapter facilities are located on the ground level with sleeping rooms above. A great example of a townhome-style project was developed by Emory University and completed in 2006. Emory's Sorority Village includes 10 attached townhome units that each provide between

¹ Source: Advancement of Standards 2005 – 2011 North-American Interfraternity Conference

² Source: National Panhellenic Conference Annual Reports: 2009 and 2010

GREEK HOUSING

10 and 24 beds. Each townhome unit also provides a community space, a kitchen (although live-in sorority members are required to purchase a university meal plan) and large chapter room. A critique of the typical townhome-style approach to Greek housing has been their often homogenous exterior elevations do not provide the same variety and differentiation that are more typically delivered through traditional or chapter house product.

Projects with smaller “chapter houses” (under 10 beds) reflect one approach to “right sizing” for today’s Greek organization living requirements. At San Diego State University, Pierce Education Properties together with SDSU Foundation won the Association of University Real Estate Official’s Most Outstanding Project Award and a Pacific Coast Builder’s Conference Gold Nugget Award for Fraternity Row. On a compact 1.4 acre site, SDSU’s Fraternity Row includes eight detached fraternity Chapter Houses (two to four beds in each) ranging in size from 2,278 to 4,347 square feet, with Chapter Houses surrounded an apartment building where three bedroom units are leased to members of resident fraternities. Each fraternity is provided a cluster of eight apartment units related to their Chapter house which can accommodate a capacity of 24 to 32 men in their assigned apartment units (262 beds total). This approach of providing a majority of the bed capacity in apartment accommodations (that can be independently accessed) can allow for volatility in individual chapter membership with the opportunity to still have the project bed spaces fully occupied.

For many years, Greek organizations have been provided room blocks or wings in traditional “dormitory style” residence halls. This is the case for sororities at Miami University (Oxford, Ohio) and was formerly the housing option for sororities at Arizona State University. The University of Minnesota has just such a

project in planning where it expects to construct a four-to-five story 4th Street Residence Hall and dining facility where sororities are planned to each get a common area space/room and floor or wing of residential accommodations. Of course, Minneapolis is a very urban area requiring higher density, urban building solutions. Similar to the townhome-style building solution, with dormitory-style product it is difficult to provide exterior building identity to the individual resident organization (except for posting of Greek letter signage).

FINANCING AND DELIVERY

Greek housing projects are quite complex and that is reflected in the manner in which they are financed. Of those projects that have been developed and delivered in recent years, the most common financing mechanism has been tax-exempt revenue bonds issued by universities (or their controlled non-profit affiliates). Other universities have used reserve funds to pay for capital improvements. Another common form of financing involves the long-term ground lease of finished lots by the university to house corporation affiliates of fraternities, who have financed, designed and constructed new houses typically through a mixture of conventional construction financing, gifts raised through alumni contributions or equity in property held by the house corporation. In some instances, some amount of financing has been provided by (inter)national organizations.

Project delivery has also taken a variety of forms from design-bid-build contracting by the university to public-private partnerships (PPP) with private developers. Under the latter structure, the most common form of PPP has been where the private developer served as a fee developer on behalf of the university (or non-profit affiliate) and under which ownership of the land remained with the university (or foundation).

Ownership of the improvements in Greek projects has varied, sometimes being held by the university (or affli-



Greek housing at Birmingham Southern University.

ate) and other times owned by sororities or fraternity house corporations subject to long term facility leases. In addition, for chapter facilities in university-owned buildings, fraternities and sororities are often allowed to upgrade interior finishes and improvements provided they have raised the funds to pay for those upgrades.

LOOKING FORWARD

With Greek membership on the rise and most existing Greek housing ill equipped to serve the housing and organizational needs of chapters and their members, it is clear that new Greek Housing projects will proliferate into the future. And, following similar trends with student housing on and off campus, it also appears that the PPP approach to delivery will increasingly be considered by universities wishing to upgrade their student housing. We have also found that an increasing number of Greek alumni organizations and house corporations are intrigued by the potential to enhance their chapter and housing experience, while at the same time outsourcing their housing operations through new Greek housing developments where the housing is managed by the university or a professional student housing operator.

Under any approach, successful Greek Housing project delivery will take a development team that: (1) understands Greek organizations and their unique needs; (2) has worked with Greek Alumni organizations and learned how fraternity and sorority alumni are differentially engaged; (3) is current on trends in



Inside a Chapter house at SDSU's Fraternity Row.



The SDSU Foundation developed Greek housing in a townhouse format with a private developer.

GREEK HOUSING

Greek Life standards at universities and NIC and NPC (inter)national organizations; and (4) understands the complexity of structuring a revenue stream that, at the same time, can be afforded by undergraduate chapters and members, while also making for a financially feasible project. In addition, it is always critical to understand university considerations related to accounting treatment, credit assessment, debt capacity, housing policies, Greek Life, inter-party agreements, etc. as these relate to the development of a financing plan that can facilitate project delivery under a structure that works for all parties. **SHB**

Frederick W. Pierce, IV is president and CEO of Pierce Education Properties, L.P. ("PEP"), one of the nation's leading buyers and operators of student housing. PEP has experience in developing Greek Housing and Pierce has served as the House Corporation President for the Beta Theta Pi ("Beta") Chapter at SDSU and twice as the regional alumni president of Beta's San Diego Regional Alumni Association. PEP is currently working with several universities and Greek alumni organizations around the country on planned Greek housing developments.



SDSU Fraternity Housing interior.