

CAS138T
2019

Let's Get Real About Real Estate: Solving Penn State's Housing Crisis

OBJECTIVE

This issue guide serves to provide background information on housing issues in State College, PA. Three perspectives on resolving the issue will also be explained.

APPROACH ONE: Rent Control

APPROACH TWO: Zoning

APPROACH THREE: University Buyout

OVERVIEW

Written by Ameen, Lisa, and Julia

Currently, 46,000 undergraduate students attend Pennsylvania State University. However, the university's housing capacity sits at just 13,700 (PSU). Due to the lack of space, only first-year students are guaranteed housing, meaning many students must move off campus after their first year. Freshmen, just a few weeks into their first semesters of college, often feel pressured to find apartments for the next school year or risk finding themselves without housing accommodations. And while some rising sophomores are able to find on-campus housing through a lottery system, most are forced to look for apartments in the surrounding State College area.

These apartments aren't cheap. Although more housing is being made due to demand, construction costs are rising along with the rent. Rates for 1-bedroom apartments that solely include basic amenities like a kitchen, washer, and dryer can range anywhere from \$600-\$1200 monthly (Rent College Pad). For many students, this is simply not feasible and any room that is moderately priced is snatched away quickly. Many people fear that landowners in the State College area are unfairly capitalizing on the situation, inflating rent to squeeze more revenue out of an undergraduate population made vulnerable by unusual university housing policies.

There are several measures that can be taken in order to protect students and ensure fair rates for housing. Some might argue that the university should take responsibility, buying out apartments and building more dormitories to increase student living options. Other solutions might come through legislative action, either in the form of some type of rent control or rezoning plan. It is also possible that these solutions might work if implemented in tandem. In any case, discussing the issue of university housing with the public will push the State College community in the direction of fairer student housing options.



RENT CONTROL

Written by Kiara and Lexie

On the Penn State University Park campus, most freshmen do not have a kitchen in their own room, nor do they have their own bathrooms. After a whole year of sharing bathrooms and eating campus food, most want to move off campus for independence. 50% of each class moves off campus finishing their first year. Many people believe that the number would be higher if the prices of off-campus housing were lower. When purchasing an apartment, one is either inclined or discouraged to choose their new home based on their budget and the monthly rent. The students at Penn State have complained that the prices of these apartments in downtown State College are very expensive for a college student to have to pay. This approach focuses on applying rent control policies on the apartments in State College.

According to an article on Investopedia, Rent Control is a price control that limits how much a landlord can charge for the rent of a house, apartment, or other types of real estate. Rent control is typically used in popular areas. It was established during WWII in New York City when construction stopped and there was a housing shortage, causing the prices of rent to skyrocket. These policies were enacted in order to make housing more affordable. However, there are advantages and disadvantages to using rent control. Imposing rent regulations in University Park, specifically, could help solve the issue of overpriced housing for Penn State students.

This would also stop large increases in rent, which have steadily increased in State College over the years. In 2010, the average price of rent in state college was \$798, and in 2015 it went up to \$967. This \$169 increase is only expected to grow unless regulations are put into place.

During the application process of 2017 for the class of 2022, admissions received and accepted 7,832 students, which means that the following year about 3,916 of those students will move off campus. This is where most of the off-campus housing revenue comes from. Some of the most popular housing off campus range in prices from \$517 to \$2700 per month (Rent College Pads). At Blue Course Drive Commons, the minimum price of rent is \$765 a month (College Town Communities). For a whole school year, the renters are paying a total of about \$7650 without taxes and the price of utilities. This is a big price to pay when someone also has the option to live on campus and pay less than that to have everything needed. If Blue Course considered on lowering their prices, they would have more clientele. The idea of rent control would prevent Blue Course from raising their prices so that obtaining an apartment would be easier and cheaper for all who want to live off campus.

ADVANTAGES

- More demand for off-campus housing
- More jobs in the community
- Easier access to housing
- Protects tenant from being taken advantage of
- Benefits young, middle-income, and elderly people
- Allows neighborhoods to maintain economic and social diversity
- Allows tenants to budget better for the future since the costs wont change

DISADVANTAGES

- Provides landlords an opportunity to discriminate against long-term tenants
- Provides landlords an opportunity to slack on repairing and maintaining units until the end of lease
- Limits landlords' income and hurts communities dependant on property tax revenue
- Enables tenants to exploit the program (the rich, families that pass apartments down, subletting that raises the price) or just never leave

ZONING

Written by Kiara and Lexie

When walking around downtown State College, it is easy to see the massive construction taking place. Construction sites that will (hopefully) be new apartment buildings for non-freshmen students; however, the prices of these apartments will most likely be no less than a small fortune which is similar to the price of the apartments already in existence downtown. If construction companies could increase building more beyond the currently allowed property lines, perhaps the prices of apartment rent would decrease as competition and quantity increase. What is stopping this possible solution to the current off-campus housing crisis, one might ask, and the answer is: zoning laws.

Zoning laws are government laws which determine how property can or cannot be used in certain areas. These laws are intended to prevent commercial use of land and businesses from building in residential areas. These lines also help protect residential areas from high volume traffic, noise levels, certain resources, and reserve this space as a place for living. These laws can be adjusted and changed though, so that the construction and housing will serve to help the community encourage, foster, and facilitate growth both economically and socially. Rezoning happens when elected officials in state or municipal government change the zone description of a specific site or entirely rezone a larger area. More often than not, rezoning increases property values in the affected area; this is done by the developers paying the DCL (Development Cost Levy) which cover costs to improve local infrastructure (roads, sewers, and sanitation).

Rezoning requests must be submitted to the zoning commission of a local government and usually these requests are handled by this commission before being heard at a future public hearing. This is no easy task though, as attorneys usually submit the initial application on behalf of the property owner. There is also a public “forum” of sorts that takes place before the zoning commission, where neighboring property owners can raise their concerns. Rezoning requests are submitted by current property owners who are looking to develop or repurpose their property for a commercial, residential, or industrial cause. The process usually takes between three and six months, but in the long-term rezoning parts of downtown in order to be used to accommodate students for off-campus housing is a very plausible solution.

ADVANTAGES

- Gives access to more students
- Stronger community (Students with students, families with families)
- Opens up competition
- Facilitates and fosters growth

DISADVANTAGES

- Long process
- Pushes people out
- Requires communal agreement, which can be difficult to achieve



ADVANTAGES

- Allows students to stay on campus longer
- Better living conditions
- Cheaper rent
- Prevents students from being taken advantage of
- More options

DISADVANTAGES

- Less freedom (campus-controlled housing and rules)

UNIVERSITY BUYOUT

Written by Mariah and Erica

Penn State's largest campus, University Park, is home to over 46,000 undergraduate students. With such a large enrollment here at Penn State, it is shocking to many that the university can only house approximately 13,700 students on campus. Freshman are the only students on campus who are guaranteed housing and are assigned to regular or supplemental housing in traditional dormitory-style buildings. Students interested in living on campus after the first year must participate in a random lottery system for housing. Most students, however, avoid leaving their housing situations up to chance and chose to live off campus after their freshman year. Students should not have to worry about alarmingly high prices to live in off campus apartments. Penn State could better provide housing for these students so they no longer have to worry about these problems which provide unnecessary stress on students when they should be focusing on their education.

When the lottery begins in early fall, a huge amount of stress is poured on to students, particularly freshman who are just learning their way around campus. Students are forced to decide quickly and without much thought where they want to reside. Most students, knowing that if they wait, they may not get an apartment at all, choose to live downtown. Unfortunately, downtown apartments are extremely overpriced, with landlords taking advantage of this fall apartment panic.

The instability associated with Penn State on-campus housing has led to a huge demand for off campus housing and has subsequently allowed landlords to drive up rent prices. In order to correct this situation and put back money into already struggling college students' pockets, it is up to the university to provide students with more living options. This could include building new residence halls on campus, or having alumni purchase apartment buildings off campus with a steady and affordable price point. By adding large and competitively priced housing complexes off campus, other buildings in the area would be forced to follow suit. Overall, Penn State has allowed its students to be taken advantage of in recent years and it's time to put that to an end.



CITATIONS

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