

# Two Campus Housing Master Plans, One Planning Process

by Ryan Jensen and Joe Winters

## PURPOSE

The purpose of this article is to demonstrate how a housing master plan (Plan) can be used by a college or university as a tool to affect change on campus and support its pursuit of a variety of strategic objectives related to enrollment management, educational outcomes, financial performance, and the campus community.

## ARTICLE BACKGROUND

This article summarizes the housing master planning efforts at two institutions—The University of Alabama (UA) and The University of Tennessee at Chattanooga (UTC)—in order to demonstrate how unique Plans can be developed that address an institution’s specific strategic needs and objectives. By investigating the work conducted concurrently at these two schools, the article shows how different outcomes can result from a uniform, yet adaptable, process.

In the spring of 2011, both UA and UTC engaged the same firm (consultants) to develop housing master plans for each campus to address similar topics—but unique issues—related to enrollment growth, housing inventory, and market responsiveness. While the UA Plan was an update of previous planning efforts completed by the consultants, the UTC Plan was the university’s first, and this effort was conducted in conjunction with a campuswide master planning effort spearheaded by a separate organization. The different circumstances surrounding each Plan and the unique outcomes/recommendations that resulted provide two case studies that demonstrate how an institution can define and/or reaffirm a housing program’s role in advancing its pursuit of particular strategic objectives and, in the process, enhance the on-campus living experience for the student community. Through the lens of these case studies, the article outlines the particular context within which each Plan was developed (i.e., existing conditions), summarizes each institution’s strategic objectives related to on-campus housing (i.e., strategic vision), and reviews the specific market conditions that existed on each campus (i.e., market realities) in order to demonstrate how each process resulted in a Plan with unique solutions designed to affect positive and meaningful change on campus (i.e., recommendations and next steps).

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## EXISTING CONDITIONS

The approach to master planning begins by understanding an institution’s unique existing conditions, including its existing housing inventory, student participation rates, political sensitivities, and financial position.

One of the main factors that determined the need for a Plan at both institutions was the incredible enrollment growth taking place on campus. Between fall 2003 and fall 2010, total enrollment at UA increased 52 percent (from 19,828 to 30,232). In addition, the number of students living in UA housing grew by approximately 83 percent during this same period (from 4,092 in 2003 to 7,490 in 2010). Similarly, UTC had experienced significant enrollment growth over the past decade as a result of its decision to become a more residential campus. This decision coincided with the enactment of a live-on requirement for freshmen, which was intended to help engineer the campus's transition. As a result, in fewer than 10 years the student population increased by 31 percent (from 7,137 in 2003 to 9,331 in 2010). The unprecedented growth experienced by both institutions necessitated the development of a Plan in order to understand how each housing program should respond to the changing needs of its growing constituencies; at UTC, this was the genesis for its first Plan, and at UA, this was accomplished through a Plan update.

Another important consideration at both institutions was the existing unit mix available in on-campus housing. While UA had a housing inventory that focused primarily on offering community- and suite-style units for freshmen, UTC's housing system was comprised of mostly apartment units (83 percent apartment beds). Offering apartment units to incoming freshmen gave UTC a unique recruiting advantage within the state and region; however, this unique unit mix also contributed to very independent living arrangements for residents and, as a result, detracted from the vibrancy of the campus. Alternatively, in UA's case, the institution believed that the off-campus market was robust enough to handle the demand for student apartments; therefore, the overt decision had been made in years past to accommodate primarily non-apartment demand on campus. As a consequence, many upper-division and graduate students were left beholden to an increasingly expensive and crowded private rental market.

## STRATEGIC VISION

Along with gaining an understanding of the existing conditions on campus, establishing a strategic vision for housing relative to the institution at large is critical to developing an actionable plan. In both cases, the master planning processes at UA and UTC hinged on the consultants' strategic planning process known as Strategic Asset Value, or SAV. During this process, a group of key stakeholders is brought together to discuss independent strategic objectives as they relate to the overall institution and, specifically, to the housing and residential life programs on campus. For each objective, the group identifies the institution's desired level of attainment as well as its current position along a defined continuum. The gaps for each objective are then analyzed and synthesized into an "SAV Story" that articulates the housing-related initiatives the Plan must address in order for the campus's housing program—and the institution at large—to reach its targeted future reality.

At UA, the main outcome of the strategic visioning session was that the university wanted to focus on housing as many freshmen and sophomores in residence halls as possible. The university's desire was to offer new, high-quality housing (preferably single-occupancy rooms in full suites) to as many incoming freshmen as possible while incrementally taking older, traditional-style housing off-line. At UTC, the focus was on enhancing cocurricular learning opportunities for students through improved housing facilities. Specifically, UTC believed that on-campus housing should be configured in a way that encourages both planned and spontaneous interaction among students and other members of the campus community through expanded community spaces and living-learning facilities. By making this change, key UTC stakeholders believed that the sense of community felt by students would be greatly enhanced.

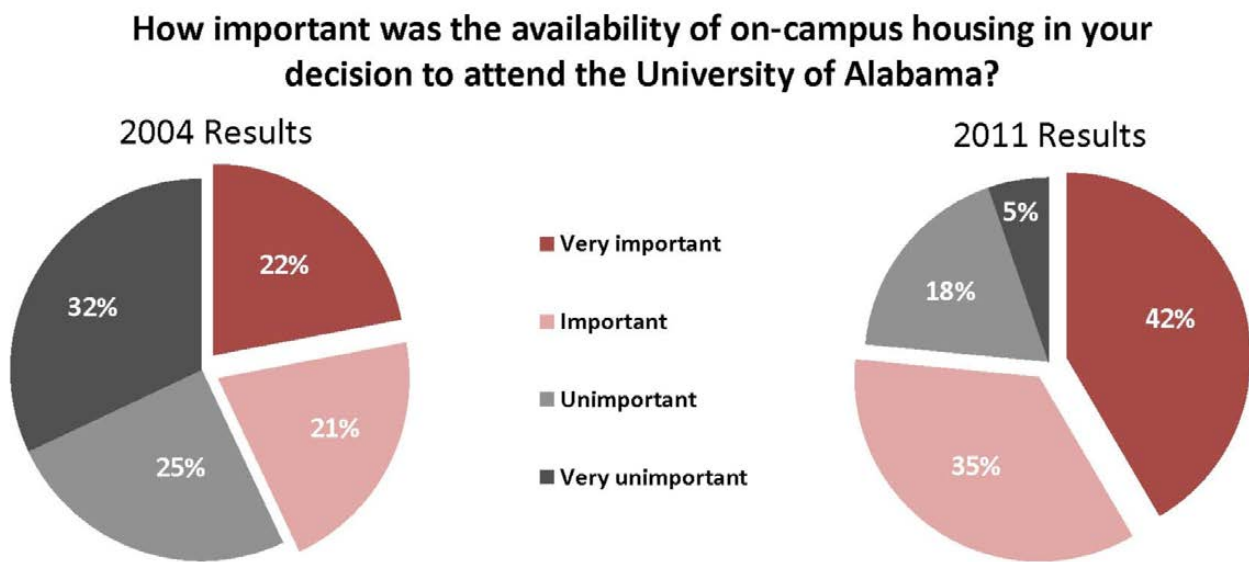
During both SAV sessions, the institutions discussed the effect that on-campus housing has on their respective recruiting efforts. While UTC’s existing housing (primarily apartment units for incoming freshmen) acted as an extremely successful recruiting tool, institutional leadership believed that its limited capacity and variety were inhibiting the university’s ability to support a broader range of student housing needs. At UA, on the other hand, institutional leadership viewed on-campus housing as a differentiator when recruiting freshmen. By providing single-occupancy, full suites to freshmen, the university believed it would be able to attract more out-of-state students who were deciding between UA and other flagship institutions in the region.

**MARKET REALITIES**

Once a Plan’s strategic objectives and targeted outcomes are identified and confirmed by the institution, an extensive data-gathering effort begins that includes both qualitative and quantitative methods of analysis. These analyses typically include benchmarking, focus groups, a web-based survey, an off-campus market analysis, demand projections, and a financial analysis of existing facilities and planned/proposed projects. The goal of this effort is to develop a comprehensive picture of the internal and external market realities to which each Plan must respond.

For the UA housing master plan update, the consultants had the benefit of having market data from previous Plans (from 2004 and 2006), which allowed them to measure changes in market conditions over time. In comparing student survey data from 2004 to 2011, the consultants determined that on-campus housing had become a crucial factor in students’ decisions to attend UA (figure 1).

Figure 1 **UA Student Survey: Importance of On-Campus Housing**



UA Student Survey Comparison

This finding showed that the priority UA placed on providing quality housing was a good investment toward achieving its strategic objectives related to recruitment, as students increasingly considered the availability of housing as an important factor in their decision to attend. Similarly, the UTC survey results identified that students with permanent residences

outside the local area (i.e., elsewhere in Tennessee and outside the state) viewed quality housing as a critical component when choosing where to attend school. Furthermore, these same students stated that housing was extremely important when it came to remaining at UTC.

One specific component of the market analysis, the web-based survey, allows for a quantitative understanding of student preferences related to housing amenities and unit types. By comparing the results of different surveys conducted at UA, it was determined that more students were making their housing decisions based on the availability of a private bedroom than they had in previous years (84 percent in 2011 versus 69 percent in 2004). At UTC, the most important preferences identified in the student survey included the colocation of housing with other quality-of-life facilities (such as food service and recreation) and housing’s proximity to the center of campus.

In conducting an off-campus market analysis for UA, it was determined that non-university rental rates had increased by approximately 17 percent between 2006 and 2011. The increasingly expensive local rental market was forcing more students to live farther from campus and commute longer distances in order to find affordable housing. These findings were echoed by focus group participants, who lamented the fact that after freshman year most students were forced to move off campus and were having difficulties finding decent, affordable housing options. Conversely, in developing the UTC Plan, it became clear that competition in the off-campus housing market was very price competitive. However, the majority of the off-campus units did not afford students the same level of experience available to students living on campus. The analysis also confirmed that the majority of the most competitive apartment developments available to students were more than a 20-minute drive from campus, which negatively affected the vibrancy of campus life, particularly at night and on the weekends. Figure 2 provides an overview of the rental rates in UTC’s off-campus market segmented by location and unit type.

Figure 2 **UTC Off-Campus Rental Rate Overview**

AREA OF CHATTANOOGA	1 BEDROOM					2 BEDROOM				
	RATE		# OF BATH	GSF		RATE		# OF BATH	GSF	
	Low	High		Min	Max	Low	High		Min	Max
North Shore / Mt. Creek Rd. Area	\$584	\$683	1	660	804	\$712	\$882	2	1,077	1,151
Downtown Chattanooga Area	\$619	\$754	1	728	800	\$723	\$918	2	1,000	1,109
Local Rental Homes	N/A	\$725	1	N/A	N/A	N/A	\$975	2	N/A	846
<b>AVERAGED TOTAL</b>	<b>\$616</b>	<b>\$745</b>	<b>1</b>	<b>722</b>	<b>800</b>	<b>\$722</b>	<b>\$927</b>	<b>2</b>	<b>1,007</b>	<b>1,075</b>

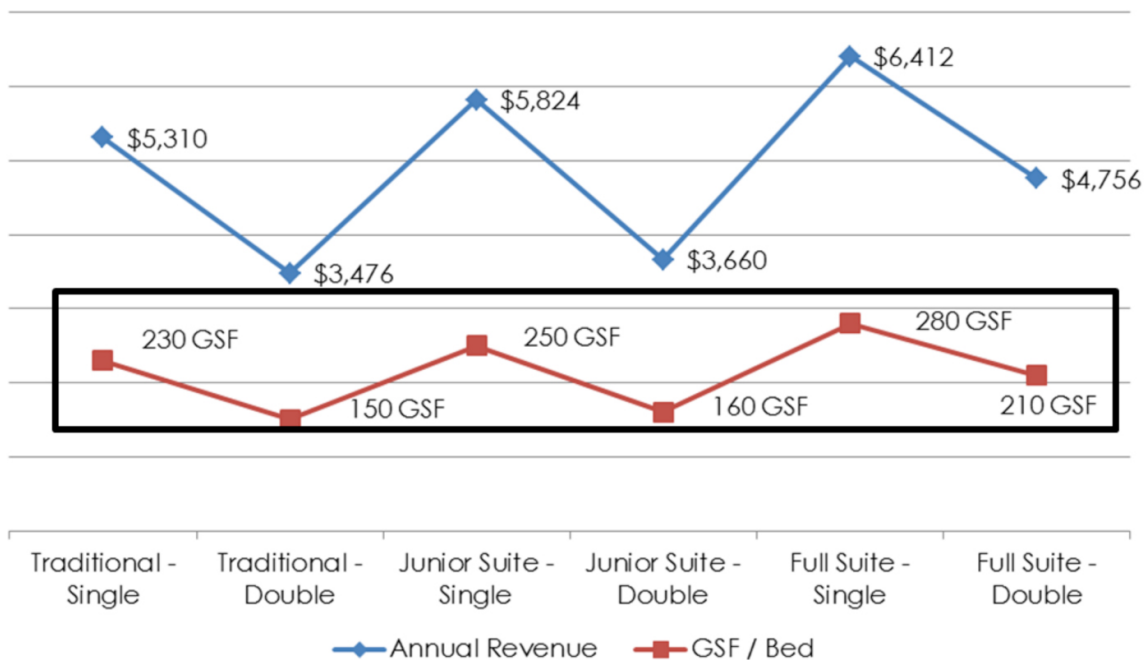
AREA OF CHATTANOOGA	3 BEDROOM					4 BEDROOM				
	RATE		# OF BATH	GSF		RATE		# OF BATH	GSF	
	Low	High		Min	Max	Low	High		Min	Max
North Shore / Mt. Creek Rd. Area	\$1,026	\$1,172	2	1,434	1,491	\$900	\$900	2	1,417	1,417
Downtown Chattanooga Area	\$912	\$1,077	2	1,302	1,348	N/A	N/A	N/A	N/A	N/A
Local Rental Homes	N/A	\$1,298	2	N/A	1,450	N/A	\$1,900	3	N/A	N/A
<b>AVERAGED TOTAL</b>	<b>\$926</b>	<b>\$1,159</b>	<b>2</b>	<b>1,318</b>	<b>1,389</b>	<b>\$900</b>	<b>\$1,567</b>	<b>2</b>	<b>1,417</b>	<b>1,417</b>

The demand-based programming (DBP) analysis performed at UA reinforced findings from the student focus groups, off-campus market analysis, and student survey by showing there was significant interest among upper-division and graduate

students for on-campus, apartment-style units. Based on the demand projections, the consultants recommended 1,040 apartment beds in one-, two-, and three-bedroom configurations for upper-division and graduate students. Additionally, the demand projections confirmed the need for the addition of two new residence hall communities to house freshmen and sophomores. Similarly, the demand findings at UTC confirmed that the institution’s existing inventory did not reflect student demand. The DBP for UTC showed that students desired suite- and traditional-style unit types in addition to the apartment units currently offered on campus. The study determined that there will be approximately 1,200 additional beds demanded on campus once the university’s enrollment reaches 13,000 students, which is anticipated within the next 10 years.

In addition to simply understanding the campus’s desire for a particular unit type, the Plan analyzed a student’s willingness to pay for each tested unit configuration (e.g., apartment) and living arrangement (e.g., single room versus shared room). Much like the private real estate market, demand for housing on college and university campuses is affected by a potential resident’s price sensitivity relative to the units that are available. Rates for each unit type were established based on several factors, including the existing rates on campus, the rates of off-campus competition, and the local construction market. The resulting demand projections, which reflect both willingness to pay and unit preference, can then be translated into a series of prescriptive financial parameters aimed at ensuring that any new on-campus developments are financially self-supporting. At UTC, prescribed planning metrics were developed that demonstrated the relationship between average gross-square-foot-per-bed and rental rate in order to inform the university’s future decisions related to housing additions and renovations as part of the ongoing campus master planning process. Specifically, these metrics will guide the university in the planning of future housing improvements by ensuring that each new development’s program (i.e., unit mix and size) is designed appropriately so as to be financially supported by market-competitive rates. Figure 3 demonstrates the relationship between program and financial feasibility by showing the rental rates that would need to be charged in order to accommodate particular unit configurations and space assumptions per bedroom.

Figure 3 **Planning Parameters for the Development of New Housing at UTC**



## RECOMMENDATIONS AND NEXT STEPS

At its core, a Plan should provide an institution with a series of recommendations aimed at enhancing its housing program by addressing the needs and wants of the campus community in a politically and financially feasible manner. In addition to providing an institution with a solution that achieves its targeted future reality, the Plan should also provide a road map for how to achieve that reality.

*At its core, a Plan should provide recommendations that address the needs and wants of the campus community in a politically and financially feasible manner.*

Based on the outcomes of the housing master planning process, the consultants recommended several next steps to help UA achieve its housing goals. First, the analysis demonstrated that with demand significantly outpacing supply for on-campus beds both currently and in the future, the university should follow through on plans to construct two additional residence halls. These residence halls (one that opened in fall 2012 and another that is scheduled to open in fall 2014) will add approximately 1,840 new suite-style beds to the on-campus housing supply. Second, the Plan recommended that given the increasing expectation of UA students of private bedrooms in on-campus housing, the university should consider gradually converting the remaining community-style, double-occupancy rooms into single-occupancy rooms. This recommendation hinges on the availability of excess supply to accommodate the suggested de-densification. Finally, the Plan suggested that the institution address the significant apartment unit demand that exists among upper-division and graduate students. With the freshman demand being addressed by approximately 5,100 new beds (including the residence halls planned for or under construction) over a 10-year period, the time is right to consider new on-campus housing for this demographic subgroup. The Plan recommended constructing two phases of 520 beds each to address the apartment unit demand.

The consultants' examination of the UA housing system's financial health showed a strong cash flow and debt capacity capable of supporting the two new planned residential halls. Furthermore, despite adding approximately \$200 million in new debt service within three years, the university's housing system projected a very healthy debt coverage ratio following the delivery of both planned complexes. In addition, UA housing's excess debt capacity going forward affords it the opportunity to pursue additional housing developments in the future, such as an apartment complex for upper-division and graduate students, as was recommended by the consultants.

Based on the findings of the UTC Plan, the consultants recommended that the university develop several new suite-style complexes (totaling 1,200 beds) near the center of campus in order to reinforce existing residential neighborhoods. These new beds, as well as those located proximate to them, should be converted into a freshman-only quad in order to support the university's live-on requirement and maximize the campus-life benefits of having all freshmen on campus in close proximity to each other, their classes, and the university's other quality-of-life facilities. Once the new freshman quad is established, the Plan recommended that the more contemporary apartments located on the edge of campus be rebranded as upper-division living space and priced to compete with the price-competitive off-campus market. This change would not only create a more competitive product, but it would also help to implement a progressive housing system on campus (i.e., provide increasingly more independent living arrangements for students as they advance in classification), which was desired by UTC's senior leadership.



Furthermore, the financial analysis of UTC's housing system showed that from a financial perspective, the flexibility of the housing program will increase over time as existing debt service expires. This flexibility will allow UTC's housing program to strategically phase its physical improvements so that the university can accomplish its strategic objectives in the most financially advantageous manner possible. To achieve this end, the consultants recommended that in the short term each new housing addition follow the program planning parameters outlined previously. In the long term, however, it was recommended that as the housing program's financial feasibility grows, UTC should pursue other housing initiatives that are critical to the strategic mission but not financially self-sustainable. With this approach, the overall housing system will remain financially solvent and provide the university with the flexibility to proactively pursue mission-critical opportunities more effectively.

## CONCLUSION

Plans are a powerful tool in an institution's arsenal for affecting mission-critical change on campus. The quality, scale, type, and variety of housing on campus can have a huge impact on the campus experience. As a result, proactive and implementable Plans must be developed that respond uniquely to a campus's needs. For UA, the analysis confirmed that the university should complete the construction of two additional residence halls since freshmen and sophomores continue to demand suite-style units. The recommendations also confirmed that unmet demand exists among upper-division and graduate students for on-campus apartment units. For UTC, the recommendations focused on the creation of a true freshman residential quad and the ability to foster community and social interaction on campus. These two housing master plan case studies demonstrate that through a diligent process and with a clear strategic vision, unique solutions can be created that affect long-term change and influence the trajectory of an institution. Housing master plans, when done correctly, can inform future decision making and empower institutions to maximize the value of their investments in on-campus housing.

*Through a diligent process and with a clear strategic vision, unique solutions can be created that affect long-term change.*

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