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## **OU Study Finds Local Rental Market Crowded, Low Quality**

By Corey Ryan  
Athens News Contributor

Rental housing dominates Athens, and students dominate the rental-housing market, which is strained with high demand, limited supply and low quality, at least according to the 2006 Ohio University Off-Campus Housing Analysis.

But the real story of off-campus living in Athens is in the numbers.

Athens has 14,451 rental-housing occupants who inhabit 4,881 rental units, with 4,180 of those units owned by Athens residents, according to the Athens Department of Development, Enforcement and Facilities 2006 Annual Report.

OU, which forces the great majority of non-commuting students to live in residence halls for the first two years, houses 7,231 students.

In 2005, nearly 60 percent of the 19,704 enrolled students were at the mercy of the local rental market, occupying 86 percent of the properties. This is according to an analysis put out by Brailsford & Dunlavey, a facility planning and program-management firm that works with educational institutions and is based in Washington D.C.

That analysis found most OU students are signing leases six to nine months before moving in, with 27 percent of off-campus residents signing between nine and 12 months prior to move in, and 10 percent signing more than 12 months prior. The average security deposit was between \$200 and \$500.

The average annual rent is between \$4,950 and \$6,650 per bedroom while on-campus living costs are approximately \$3,700 (or \$4,500 for a private room). B&D's analysis calls this atypical compared with other universities.

Most students live in the Mill Street district, 24 percent, or more than 2,800, where the average rent cost is higher, according to the analysis. But student populations are continuing to shift into traditionally single-family neighborhoods where housing is slightly cheaper, being farther from campus.

Prior to 2006, the first recorded year of gains in the number of owner-occupied dwelling units, Athens was averaging 14 single-family homes being converted to rental housing per year,

according to the aforementioned city report.

To consolidate the students living off-campus, one solution has been high-density apartment complexes.

The additional housing discussed in the Off-Campus Capacity Analysis includes all of the housing projects that had information on file with the city last year, amounting to some 1,900 new beds. They include the Summit at Coates Run complex with 700 beds, the Copper Beach apartment complex with 500, the Mill Street Village with 200, and the Landmark/Palmer Place apartments with 500.

One year after the study's completion, the Palmer Place project is being built, Mill Street Village is open, and the Summit at Coates Run project is moving through the approval process. Current plans for the Coates Run complex call for building enough room for 870 tenants, but the complex has been delayed by a lawsuit and regulatory hurdles.

The Copper Beach proposal appears to be dead, though, as city officials say they have heard nothing from the developers in several months, and the plans are not moving forward.

B&D's Off-Campus Capacity Analysis states that even with the addition of 1,900 beds, however, the rental market will continue to be strained. But no other major student-housing projects are currently in the works.

OU and Athens operate on separate tracks

"Nobody wants to accommodate or compromise," remarked Athens Service/Safety Director Ray Hazlett.

The two main conflicting players have very different development plans, the OU Master Plan and the Athens Comprehensive Plan.

"Generally, there is a very loose kind of cooperation in terms of development," Hazlett said. "What the city can do is find out what the university is planning on doing and try to factor that into our plans. Basically, we read about it in the papers."

Though OU has projected an increasing enrollment, no final decision has been made, Vice President for Student Affairs Dr. Kent Smith said, and recent enrollment figures support Smith's claim. According to the OU Office of Institutional Research, enrollment over the past five years has been 20,388, 20,075, 20,184, 20,907 and 20,225 respectively from 2003 through 2007. The main growth in enrollment occurred in the years leading up to those five years.

While the university says no decision has been made, one could come soon in favor of growth. Ohio has fewer public institutions for its population compared to the national average, according to the Ohio Board of Regents' Web site. The board is a nine-member advisory board that works with a governor-appointed chancellor. The mission of the Regents is "to lead, advocate and coordinate the process of ongoing transformation of higher education" according to the site.

Part of Gov. Ted Strickland's "Turnaround Ohio Governmental Accountability Plan," aimed at reversing Ohio's job losses with education, calls for 230,000 more college enrollees in Ohio.

To accommodate a potential enrollment growth, the Athens Comprehensive Plan calls for developing high-density student housing, such as Palmer Place and the Summit at Coates Run, as well as current buildings like University Courtyard and University Commons.

But the Summit project, developed by the Columbus-based Edwards Communities, is underwater because it can't get above water.

Hazlett said the developers still need to post a bond before they can start moving dirt, and they need to work with Athens City Council on a bridge design over nearby Coates Run Creek. Council is concerned development may make flooding worse. South-side residents also worry about the strains on traffic and infrastructure, while other critics say this project, which will require massive earth-moving on the ridgetop, actually violates concepts within the city's comprehensive plan.

If OU increases enrollment to the 22,600 projected in B&D's analysis by 2015, and if the 858-bed Summit At Coates Run building and the 228-bed Palmer Place are built along with the 246 beds at Mill Street Village listed in the analysis, that will still leave at least 568 beds less than projected in B&D's analysis. Even with the expected 1,900 beds, the analysis states that the market will still be strained with "high-cost, low-quality" off-campus housing for students.

The problem is OU relies heavily on off-campus housing because it can't accommodate all the students. Currently, the university's primary responsibility is to house freshmen and sophomores, said John Kotowski, OU's associate vice president for facilities.

Kotowski said the university and Planning and Implementation and Auxiliaries departments are prepared to meet whatever needs the institution will have. He added that if more dorm space is needed to accommodate an increased enrollment, certain buildings on campus can be converted.

This, however, still leaves many thousands of students fighting over limited off-campus housing.

Students are dumped into the community, armed with informational packets, while landlords and the city fight over who should take the parental role or at least the role of the residential assistant.

"Most of the landlords don't want to tell students how to live unless they destroy our property," said James Coady, president of the Athens County Property Owners Association and owner of Coady Rentals. "We do not wish to be parents with them and monitor their behavior, and that creates some conflict."

#### Market drives rental practices

There are about 750 landlords listed in the all-inclusive residential rentals list provided by the Athens Code Enforcement Office.

One of those, Pat McGee, is listed as landlord for 61 Morris Ave. But he is also the managing attorney at the Center for Student Legal Services. A big part of his job is protecting the student tenant, who he said gets taken advantage of by landlords.

Students are easy to exploit, McGee said, and this often happens with three rental practices: security deposits, joint and several liability, and alternate rent.

"You can talk about security deposits, which is probably the most blatant example where students feel they have been ripped off by landlords," McGee said. "I would say there are certain landlords that have a history of, if not overcharging, of outright theft."

The issue isn't just simply what the landlords do with deposit money after the lease runs out, but what they are doing with it during the lease. Another issue with security deposits is the amount of time landlords have that money.

"There aren't enough really quality properties really close to campus, and students want to live in quality properties close to campus," said Coady, who had 85 percent of his 69 properties leased for 2008-2009 three weeks into the current academic quarter.

Now the trend is for students to sign leases earlier, which can financially benefit landlords because when students sign leases, they also pay security deposits.

According to Ohio Landlord-Tenant Law, any security deposit in excess of one month's rent requires the landlord to pay the tenant an interest rate of 5 percent annually.

Landlords can get around that by charging less than the monthly rent for the deposit, an average of between \$382 and \$619 per bedroom depending the number of rooms the property features, according to B&D's analysis. Then they are able to earn interest or invest that money.

If rent is at the high end of the average, \$619, then the security deposit can be \$600 per person. If it is a three-person house, that is \$1,800 the landlord can have without paying interest to the tenant for what is now commonly two years prior to the end of the lease.

According to the Chase banking Web site, in Athens, one could put that money in a certificate of deposit account earning 4 percent interest on a 24-month plan. Multiply that by 60 properties, which various single landlords could do, and that's \$4,320 per year for two years, or \$8,640.

Coady said he can't speak for all the landlords, but he doesn't make substantial money off investing security deposits. He said he doesn't think it's a major issue because most landlords do not own an excessive amount of properties.

To rent a house, the tenants all have to pay one security deposit, despite the analysis's per-bedroom breakdown. This is because of joint and several liable leases, a common element to student leases, where all tenants sign the same lease agreement, making everyone equally responsible for the total rent due and for any damages.

"It is permissible under Ohio state law. If it is unfair, then that is a judgment call," Coady said. "If we had individual leases, it would be difficult to track down who to charge when damage is done. We take it out of their deposit from everyone."

McGee said he opposes joint and several liability for two main reasons. First, since leases are being signed so far in advance, anything can happen during such a great length of time. But the early lease signings are driven by the ultra-competitive student-dominated market.

Reason number two deals with the practice of alternate rent.

"The practice of applying the alternate rent to joint and several liable leases is an abomination because it punishes students who pay on time," McGee declared. "I see more and more landlords picking up on that as an easy way to make money and take advantage of students."

Alternate rent is put into leases to penalize a group of tenants who fail to pay their rent on time. They are docked a percentage of that rent, even if some of the tenants did pay their share on time with separate checks. Unfortunately, all the tenants in the rental are responsible for that percentage. Currently, McGee is handling two such cases, one of which goes before the court on today.

The appeal is of a June 19, 2007 decision rendered by Athens County Municipal Judge William Grim, who ruled that the rent provision is a lawful incentive as long as the late percentage is demanded immediately.

The first part of the statement of error in McGee's appeal is that the provision is excessive or unconscionable, which is illegal according to the Ohio Landlord Tenant Act. The second part deals with another section of the Act which states that a landlord-tenant rental agreement can have anything in it as long as its' consistent with everything in the Act and everything else in the law. McGee is appealing by citing cases where similar instances were found to be illegal.

The problem's primary party goes unheard

Students complain about rental-property conditions, but the city can only do so much to respond to the cries of nearly 12,000 tenants.

"The only thing we are allowed to do here is compare housing to the housing code," Director of Code Enforcement Steve Pierson said.

"We'd like more than the minimum (standard)," Hazlett added. "We do have landlords who do provide good housing, just as we have some that do everything they can to avoid meeting the minimum."

While the city abides by the code as approved by City Council, OU's current role in off-campus housing goes through the Off-Campus Living Department, which is part of the Division of Student Affairs. Their main role, along with the Center for Student Legal Services and the Off-Campus Life Commission of Student Senate, is to provide information.

The new pick-a-prop Web site allows tenants to evaluate properties and landlords so students know the facts said OCL Student Senate commissioner Stefanie Skaggs.

"I really think students need a voice," said Skaggs, referring to a student tenant union, an idea presented to Student Senate a few years ago, but which never got off the ground.

A student tenant union would create a huge voter demographic if successfully formed, providing a possible solution for students. The problem is students would need to come together, as the largest group in this conflict, to get their voice heard and problems solved.

The off-campus housing issue is an intricate challenge that the city, landlords, university and students deal with separately. But one city official thinks the solution could come as easily as sitting down to a family dinner.

"In one sense, the student housing issue is very complex, trying to pull all the pieces together and find workable solutions," Hazlett said. "But in another sense, it's pretty simple. If the people who are instrumental in making decisions in the community sit down and realistically approach the issues, and if both sides are willing to compromise, work together and contribute, the solutions are there."