An Assessment of Off-Campus Student Housing Development in Champaign-Urbana

**Project Overview**

Champaign and Urbana have experienced many student housing developments. Some individuals in the community have expressed concerns, and some have enjoyed the benefits. The purpose of this report is to discuss student housing supply and demand conditions, and to identify the short-term and long-term impacts of off-campus student housing developments near UIUC campus.

**Why student housing investment?**

- **Recession Proof:** more people return to school during the recession
- **High Returns:** rental housing has fetched higher returns than other groups
- **Enrollment Growth:** increasing number of students at UIUC
- **Competing Alternative to University Housing**

**Supply**

5,031 Off-Campus Beds Added 2012-2018 VS. 5,142 Net Enrollment Gains 2012:2018 (most are graduate and online students)

### Off-Campus Housing Occupancy

- **Total:** 11%
- **UG:** 4%
- **GRD&Up:** 28%
- **during last 3 yrs**

### Pre-Lease Rate

### Average Monthly Rent/Bed

**Number of Bed Added**

**Economic Impact in Numbers**

What impacts can a mixed-use student housing project generate in the economy?

- Total building area: 92,950 sqft
- 1 floor commercial space + 5 floors of 93 apartment units (studio, 1-, 2-, 4-bed)

#### 1-YR Construction

- **197 Jobs**
- **$9 Million Labor Income**
- **$1 Million State/Local Tax**
- **$26 Million Output**

#### 3-YR Operation

- **39 Jobs**
- **$0.82 Million Labor Income**
- **$0.48 Million State/Local Tax**
- **$6.33 Million Output**

#### 3-YR Operation @ 15.1% Commercial Vacancy 12.6% Residential Vacancy

- **36 Jobs**
- **$0.75 Million Labor Income**
- **$0.42 Million State/Local Tax**
- **$5.56 Million Output**

**Future Possible Impact**

- **Scenario 1: Recession Happens, Construction Continues**
  - **City of Champaign:** tax revenue & permit fees
  - **Old property owners:** increased vacancy & renovation cost

- **Scenario 2: Economy Grows, Construction Continues**
  - **Renters:** lower rent, better amenities & housing options
  - **Construction & rental related business owners:** more profits
  - **C-U community:** featured local stores replaced by student housing development

- **Scenario 3: Economy Grows, Construction Stops**
  - **Developer & Landlord:** advantages of seller’s market
  - **Renters:** low property quality in terms of poor maintenance, noise & insulation, etc.

### Recommendations

- Preparing student and market rate apartment housing existing condition report
- Imposing impact fees on new development
- Establishing quality standard for private student housing development
- Monitoring off-campus private student housing rental market situation regularly
- Promoting mixed-use development
- Establishing public-private partnerships (P3s) to provide affordable housing options, as an alternative for high vacancy housing

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