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# Student Rental Housing Task Force

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Final Report and  
Recommendations  
November 19, 2013

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Bill Wright, Chairperson  
Linda Ford, Vice Chairperson

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**DATE:** November 5, 2013

**TO:** The Honorable Walter Maddox  
Council President Harrison Taylor  
Councilor Burrell Odom  
Councilor Cynthia Almond  
Councilor Sonya McKinstry  
Councilor Kip Tyner  
Councilor Eddie Pugh  
Councilor Matt Calderone

**FROM:** Student Rental Housing Task Force

**RE: Recommendations of the Student Rental Housing Task Force**

Dear Mayor and City Council Members:

The Student Rental Housing Task Force was formed in accordance with Executive Order number 2013-001, which was issued by Mayor Maddox on June 26, 2013. The purpose of the Task Force is to advise the Mayor and City Council regarding the following matters:

1. Current and future student rental housing markets in Tuscaloosa, especially in regard to whether the market is becoming overly saturated, and whether the City can or should take measures to address housing trends.
2. Planning, land use, zoning, and other regulatory frameworks that will facilitate orderly development of student rental housing.
3. Infrastructure needs to accommodate student rental housing growth.

The Student Rental Housing Task Force (SRHTF, Task Force, Members, We, Our) held its final meeting on October 29, 2013. Over the course of seven bi-weekly meetings the group received input from a wide variety of experts in the student housing industry: local and regional landlords (owners), local and regional apartment complex managers, apartment rental market consultants, apartment brokerage consultants, and two reports from for-profit real estate industry consultants – all detailing, from various points of view, the state of the student housing market in Tuscaloosa. We also listened to reports from, and asked questions of, the City's Directors of Planning and Development Services and Water and Sewer, the City Engineer, and the Chief of Police. We toured several student housing developments and reviewed the findings of surveys taken by UA students detailing their assessment of the most important issues regarding off-campus housing. We also spoke with Dr. Judy Bonner, President of the University of Alabama, gaining her insight on the University's enrollment arc and the student housing issues related to enrollment growth. The Members openly discussed the various concerns denoted by the data, analysis, reports, and expert opinions we received. Our diverse backgrounds allowed the information to be filtered, parsed, and focused in order to reach a consensus on the most important student housing issues facing the City of Tuscaloosa.

We heard, examined, and analyzed current market data that, in our collective judgment, indicates that the current student housing rental market is overbuilt relative to the University's on-campus enrollment. More urgent, we saw evidence indicating that the supply of new student bedrooms in the building pipeline for delivery in 2014, 2015, and beyond, relative to UA's anticipated on-campus enrollment, will introduce even more bedrooms into a market that cannot easily absorb its current supply. This eventuality will further widen the gap between the supply and estimated demand of student bedrooms.

The Task Force learned that the boom in building student housing has been fueled by the growth of the University's enrollment combined with the availability of cheap financing for student housing real estate investments. Emboldened by these two factors, developers have uniformly and proudly asserted that their specific projects will succeed by having near 100% occupancy; being aesthetically pleasing; adding value to surrounding neighborhoods while not degrading the community's culture or character; not creating traffic, parking, or infrastructure problems; etc. However, by entering the Tuscaloosa market in mass, in a relatively narrow timeframe with similar product offerings, developers have delivered supply that exceeds demand. If not moderated by oversight and/or regulation, the SRHTF believes student housing real estate developers, for the reasons noted above, will continue to add more bedrooms to our already overbuilt market.

Much of the new supply of student bedrooms has come from student mega-complexes. These large complexes (defined by the SRHTF as complexes with more than 200 bedrooms) are driven by economies of scale, i.e. high-density living. They contain several hundreds of bedrooms and require a large parcel of land to facilitate the buildings, amenities, and parking for their tenants. They are typically built with four and/or five bedroom/bathroom configurations for communal yet discrete living between four or five lessees. Each tenant has a lockable bedroom/bathroom, and they share communal living facilities. These complexes, by design, are leased by the bedroom and rented only to students. Because of the price of the real estate and limited availability of large parcels of land, the complexes are usually located outside the Box (a pre-defined area). Typically, the City had to rezone land to allow the high-density, mega-complexes to be built in or near Tuscaloosa's residential neighborhoods.

Chief Anderson told the Task Force that aggregating students in mega-complexes makes them targets for crime and also encourages boorish behavior students might not demonstrate in less dense settings. He further noted that the scale of the mega-complexes can create traffic, parking, noise, lighting, and other environmental issues in the neighborhoods where they are built.

In addition to the socio/demographic issues facing the high-density mega-complexes, the SRHTF also learned that students move from new mega-complex to new mega-complex; landlord retention rates are relatively low. If the mega-complexes fail to sustain/reach profitable occupancy rates because of students' fickle tastes and/or an oversupply of bedrooms, Task Force members wonder who would next lease the four and five bedroom/bathroom units within the mega-complexes. Such large and densely configured complexes will be difficult to repurpose after the student population loses interest.

Since the unique configurations of mega-complexes limit their future usage, they could slide into decline amidst an overbuilt market, exacerbating any problems they have already created in their local neighborhoods. Because of their scale and the land they occupy, they would likely pose acute economic challenges to the City if they become blighted. The inherent risks have led the Task Force to believe that most of the harmful over-building has emanated from this type of student housing. Consequently, the SRHTF feels the City should encourage future student housing development in the most optimal areas for such building: close to UA, with as much development as feasible in the box (within walking and/or biking distance), and on a scale that will neither disrupt the fabric of local neighborhoods nor make future redevelopment difficult.

To achieve this goal, the SRHTF feels the City should update its zoning of land that can be used for building mega-complexes and/or related regulations to assure that the supply of land available for student housing development (i) is aligned with the market demand for such housing and (ii) regulations/code assure that the scale and configuration of housing developments will not degrade neighborhoods and/or expose the City to post-student occupation economic risk. Furthermore, since the University of Alabama is the key supplier of demand for such housing, these revisions should be coordinated with the University's planning cycle.

In addition to the strains new developments have already placed on the student apartment rental market, the Task Force believes that new multi-family housing projects have had, and will continue to have, a significant impact upon the City's infrastructure. Since Tuscaloosa does not levy impact fees, many developers have not been bearing the full cost of their projects. Members do not want to see appropriate growth inhibited, but feel that student developments should not be significantly subsidized by City taxpayers.

Finally, to help assure the student housing rental market does not end up in a significant supply/demand imbalance again, the SRHTF urges the City Council to exercise caution and restraint when considering future deviations from an updated Tuscaloosa Comprehensive Plan.

The Task Force finds the following recommendations to be crucial for the Mayor and City Council to consider at this time:

1. Until such time as the Tuscaloosa Comprehensive Plan is updated, neither the Planning Commission nor the City Council should approve any request to rezone property for any Multi-Family Housing development containing over 200 bedrooms in areas located outside of the area designated as the Box. The Box is defined specifically to include the areas bounded by Queen City Avenue on the west; 15<sup>th</sup> Street on the south; McFarland Boulevard on the east; and the Black Warrior River on the north.
2. The Planning Commission and the City Council should not approve the rezoning of any property located in a municipal historic district or historic district buffer to any zoning district that allows attached or multifamily

dwelling unless said property was already located in a zoning district that allows attached or multifamily dwellings.

3. The Planning Commission should immediately proceed to update the Tuscaloosa Comprehensive Plan and the City Council should take steps to appropriate the funds and other resources necessary to do so. Furthermore, such revisions should be coordinated with the University of Alabama Master Plan and mandates should be established requiring the City's Comprehensive Plan be updated every 5 years in conjunction with University Master Plan updates. Funding sources for said incremental updates should be accounted for in future City budgets.
4. The opinion of the Task Force is that new multi-family housing projects continue to have a significant impact upon city infrastructure and therefore, recommends that the City Council study the potential use of impact fees to offset those related costs of upgrades, ongoing maintenance, and improvements to our infrastructure systems.
5. Eliminate the provision in the landscape ordinance that provides a reduction in parking for residential multi-family housing projects. However, the provision should remain for other types of development.
6. Delete Section 24-43(a)(5) of the Zoning Ordinance of Tuscaloosa, which is the code provision that allows up to four (4) unrelated persons to reside in a dwelling unit located within an MX-5 district.
7. Eliminate the Apartment building type from the MX zoning districts' list of permitted building types.
8. The Task Force recognizes that if there is capacity for four and five bedroom units, that capacity will have the greatest potential for long-term success within the area designated as the University Area Neighborhood. The Planning Commission and City Council should consider rezoning property within this area to mixed-residential (RM and RA) and mixed-use (MX) zoning districts with a "University" designation. Such rezoning would replace all of the current requirements that must be met in order to certify a property for occupancy by four or five unrelated persons, while at the same time producing a better, more predictable built environment.
9. Remove the R-4S zoning district from the zoning ordinance and rezone all properties currently zoned R-4S to R-4. The sole purpose of this district is to allow the construction of large-scale student housing projects consisting of 4-5 bedroom units in areas outside of "the Box."

The Task Force respectfully requests that these recommendations be submitted to the Planning Commission at its next public hearing and asks that the Planning Commission

adopt a Resolution of Support for said recommendations to be presented to the Mayor and City Council as soon as possible.

With Highest Regard,



Bill Wright  
Chairperson



Linda Ford  
Vice Chairperson