



WHAT'S THE FEASIBILITY OF A HOUSING VENTURE FOR COLLEGE RESIDENTS?

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INTRODUCTION

Purpose: Determine the feasibility of an affordable housing venture for college residents in Portland.

Abstract methodology:

1. Looking at house listings available on distinct websites in order to obtain fiscal housing details.
2. Calculating possibilities of housing at affordable yet profitable prices.
3. Documenting houses' prices, locations, various selling points and disadvantages.

Goal:

1. Gain knowledge regarding real estate investment and its feasibility in college housing.

BACKGROUND AND SIGNIFICANCE

Project Outline

1. Look at the housing market in areas near a specific (using Reed College)
2. Look at viability of investing in a house in that area
3. Examine the possibility of housing college students at affordable prices
4. Obtain a house and determine the total profit, including all other expenses

Background/Previous Research

- College Housing
 - People who use off-campus housing are mostly of lower-income families (Lindeke)
 - Graduation rate for low-income college students has been dropping
 - Some attribute it to the lack of affordable housing options
 - In some places, room and board are equal to about 1/2-2/3 of a student's tuition (Lindeke).
 - The lack of affordable housing for students on and off campus can present many challenges to those of low-income families that are trying to receive the education they need
 - Challenges are related to the cost factor of affordable housing ("Student Housing Problems")
 - Challenges that college students face:
 - Lack of on-campus housing, unmet needs, and underestimation of living costs
 - This project is benefit those looking for cheap housing options while attending colleges
 - This project will have create an impact on lower-income students trying to find housing
- Real-Estate Investments
 - Investing in houses does not need to be a full time job
 - Can be done on the side, next to many other careers
 - Important to understand the market economy and real estate in order to make smart decisions, but also to look at the community in the specific area
 - Important to gauge possible customer interests in order to present desirable deals

RESEARCH METHODOLOGIES

Type of Research: Applied Research

- Look at the viability of starting a housing venture for students. We hope that this research—if we see that it is viable—can be used in implementing such housing units.
- Our data is quantitative because we are studying finance and looking at numerical data.

Type of Research Methodology: Hybrid of Observational and Experimental

- Observational Part:
 - We will first observe the housing economy of the Reed area. This section is purely observational as we are only looking at current data and information.
- Experimental Part:
 - If we determine the housing venture is viable, we will continue with experimental study, as we hope to implement our research; because we will be experimenting with one house, it will be an experimental study.

Studying the Population

- We are studying the college population, and specifically using Reed college students as the sample. Because it will be infeasible to look at every college town and students, by focusing on Reed college, we will be able to get a closer and more in-depth look about a possible venture.
- We will be using non-probability sampling. Because this is a smaller study with time constraints, it is impossible to have probability sampling as this will take many years. We hope to attract our samples through voluntary response, and will have to vet our sources.

Collecting Data

- We are going to look at other areas near the Reed campus in order to gain a deeper understanding of nearby housing rates. We looked at housing trends in the area.
- We also are going to use the numbers and finances from the actual housing project as an additional source of data.

Analyzing Data

- We will analyze our data by using the financial aspects and calculations to determine whether or not the business venture is successful to both the investor and the college students, based on profit and satisfaction in the houses. We will apply formulas and use Google Spreadsheets as a means of keeping track of the analysis of our data.
- From the polls we will conduct on the Reed Facebook group, we will determine students' general satisfaction with different factors pertaining to the business venture. If the responses are generally positive and shows to be able to gather a decent amount of net income over a certain period of time, we will be able to deem our responses significant.

DATA ANALYSIS AND RESULTS

- **Selling price:** \$455,000
 - **Mortgage:** Paying 20% down payment and borrowing 80% of cost
 - **Borrowing** \$360,000
 - **Monthly interest r--ate:** 3.875%
 - **Paying** \$468.94 a month for 14 years

Costs per year		Income per year **		
Mortgage payments	\$5627.28	Semester rent per person	\$3825 * 4 * 2	We plan to rent out rooms for four people and for both semesters.
Home insurance	\$403	Monthly summer rent per person	\$600 * 4 * 3	We plan to rent out rooms for four people and for three months.
Utilities	\$1800			
Wifi	\$600			
Total	\$8,430.28	Total	\$37,800	

Profits: \$37,800 - \$8430.28 = \$29,369.72

**Numbers based on the assumption that we are able to rent out all rooms during all times

Average cost difference for Reed students

Reed Dorms per semester		Humanity House (Our house) per semester	
Living cost*	\$3,566	Living cost	\$3,825
Food **	\$3,430	Food	\$2,024 (estimated)
Utilities	\$0	Utilities	\$400
Renter's Insurance	\$70 (optional)	Renter's Insurance	\$70 (required)
Total Cost	\$6,996	Total Cost	\$6320

*Costs tend to go up

**Reed students who live on campus are required to buy the meal plan

ACKNOWLEDGEMENTS / REFERENCES

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