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Student Housing Choices in the Morris Community

Arne Kildegaard  
*University of Minnesota - Morris*

David Fluegel  
*University of Minnesota - Morris*

Sarah Black  
*University of Minnesota - Morris*

Cassandra McMahon  
*University of Minnesota - Morris*

Karin Buchen  
*University of Minnesota - Morris*

*See next page for additional authors*

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Authors
Arne Kildegaard, David Fluegel, Sarah Black, Cassandra McMahon, Karin Buchen, Leo Baker, and Josephine Myers-Kuykindall
A partnership for community revitalization between the City of Morris and the University of Minnesota, Morris

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Research report prepared by Dr. Arne Kildegaard, Associate Professor of Economics at the University of Minnesota, Morris

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**Center for Small Towns**  
University of Minnesota Morris  
600 East 4th Street  
Morris, MN 56267  
(320) 589-6451

“BELIEVING IN A BRIGHT, PROSPEROUS FUTURE FOR SMALL COMMUNITIES”

**University of Minnesota**

**MORRIS**
Student Housing Choices in the Morris Community

Introduction

Morris, MN is a town of population approximately 5,000, located on the prairie of West Central Minnesota. It is the county seat of Stevens County (population 10,000), home to several banks and agriculture-related processing and service industries, including the Denco ethanol plant, as well as light manufacturing enterprises Superior Technology and Westmor Industries. Morris is also home to the University of Minnesota, Morris, which is a public liberal arts undergraduate college with enrollment somewhat below 2,000 students. UMM enrollments are counted in the population figures for Morris and Stevens County.

The City of Morris faces several housing challenges that are common to the region. Much of the in-town housing stock is older, built on small lots, without certain amenities (attached garages, family rooms, etc.), and in some cases poorly maintained or built from sub-standard materials in the first place. Subdivisions have sprung up within and (increasingly) outside the city, in order to meet the market’s housing demands. Occupancy rates are low and falling for the marginal and sub-standard housing described above, as families and retirees increasingly opt to live in the newer units outside city limits. Increasing tensions with the townships may be one consequence in the future, as the City of Morris looks to more aggressive annexation in order to maintain population above the critical 5,000 threshold,¹ as well as to spread the fixed cost of existing city infrastructure over a broader population base.

Unlike most residential liberal arts colleges, policies and practices at UMM have a significant impact on the town rental housing market. While there is sufficient dormitory capacity on campus to house just over 1,000 students, in practice there have generally been dorm occupancy rates between 70% and 90% over the last decade. In ballpark figures, that leaves at any given time somewhere between 700 and 1,200 students living either at home or in off-campus housing in or near-by Morris. Frequently these students

¹ A 5,000 population is a critical threshold for state local government aid.
rent the kind of older housing stock described above, in the City of Morris and within walking distance of the University.\(^2\)

What factors determine the student demand for off-campus vs. on-campus housing? Below we discuss the historical data, as well as the results of a housing survey we conducted in April, 2006.

**UMM Enrollment and Housing Occupancy**

With only minor alterations, capacity in the UMM dormitories has been stable for well over a decade. Occupancy rates exhibit considerable year-to-year fluctuations. Figure 1 shows the total *headcount*\(^3\) at UMM and fall dormitory occupancy since 1981:

The data show that headcounts peaked just over 2000 students in the late 1980s, held relative steady (1800-1900) during the 1990s, and have fallen off recently to 1684 in 2005. Dormitory occupancy hovered at or near 1000 from 1987-1993, but has trailed off steadily since then, reaching the current low of 756 in September, 2005.

One central feature of the student housing choice data is the attrition that occurs over the course of the year. The fall occupancy figures for the dormitories regularly dwindle by 10-15% (i.e. by 80-140 students) by the end of the spring semester, reflecting some attrition in enrollments, but primarily reflecting the movement of students off-campus. Figure 2 shows the annual attrition rates since the ’93-’94 academic year.

A second fundamental feature is that off-campus housing is overwhelmingly the choice of 3rd and 4th year students, while the dormitories are overwhelmingly the choice for 1st and 2nd year students. Figure 3 shows the data for dorm occupancy according to class for 2004, a typical year.

\(^2\) Several multi-unit off-campus apartment complexes have also been constructed in the last 20 years.

\(^3\) *Fall Headcount* is defined as the number of students enrolled in at least one class at the end of the 2nd week of the fall semester. Another measure of enrollment is Full Year Equivalent enrollment, which takes the total number of student credit hours and divides by the number comprising a full-time load. These two measures have tracked each other very closely during the last decade.
Figure 4 shows data on the sizes of entering classes since 1993. After relatively stable entering classes in the 1990s (generally 460-480 annually), enrollment began to fall sharply in 2003. The new entering class is the smallest in over 20 years, at 358 new non-PSEO freshmen.4

Whereas the demand for dormitory housing is largely a 1st and 2nd year student phenomenon, in figure 5 we graph the 2-year rolling sum of non-PSEO new freshman, as well as the fall occupancy figures for the dormitories. The two series track exceptionally closely.

For the sake of thoroughness, we graph ratios in figure 6 which are potentially relevant to the question of what determines occupancy. As the previous graph suggested as well, the ratio of the 2-year rolling sum of freshman classes to dormitory occupancy never strays far from unity. Occupancy relative to headcount slides gradually over the entire time horizon, from a high of .54 in the first year to a low of .45 in the last year.5 There is a much smaller downward trend in the new freshmen/occupancy ratio, which begins the period in question at .51 and ends at .47.6

So far we have only looked at the matter from the perspective of the demand for on-campus housing. This is the obvious place to start, since the actual historical data exist and need not be interpolated. No such records exist for the number of students living in rental housing in or near the City of Morris. We proxy the true value of this figure by a two step process: first, we create a variable called adjusted headcount, which sums continuing students, new advanced students (transfers in), and new freshmen (excluding

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4 PSEO – “Post Secondary Enrollment Option”—is a state-funded program that enables regional high school students to take courses for college credit. While some of these students do eventually enroll in UMM as full-time students, they generally do not seek housing accommodations in the dormitories or in off-campus rental units, hence they are excluded from the figures reported here.

5 This may simply reflect growing participation of PSEO students in overall enrollment.

6 This figure will naturally rise when enrollment is rising and fall when enrollment is falling.
PSEO students, who likely live with parents). From this new variable we subtract the population in the dorms (fall occupancy), so that the residual should give us an upper bound on the student demand for off-campus rental housing. Figure 7 presents the data.

This series represents an upper bound. Some of the 790 students in this category in 2005, for example, will be living at home, commuting from outside the region, or otherwise falling outside of our area of interest and focus. Nevertheless, there is no reason to think that the proportion in such circumstances would change from one year to the next; so while the above numbers may be only a first approximation of the levels of demand in any given year, they should be a very good approximation of the changes in demand for this kind of housing, from one year to the next. Figure 7 graphs the difference between a given year’s residual and the base year (1993) residual.

Figure 8 shows the substantial impact that variation in UMM overall enrollment and class sizes may have on the local rental market. From 2002-2005, for example, there would appear to be some 144 fewer students seeking off campus rentals. As a back-of-the-envelop calculation we can assume 3 students per house or apartment, which gives us a net change in demand of 48 fewer rental units over the 3 year period in question. City of Morris Housing Authority Director Melanie Fohl estimates a total of 765 rental units for the City of Morris, so this figure (48) represents a 6.3% decline in overall market demand.7

This is only an estimate for the beginning-of-year demand, but as pointed out earlier, there is significant attrition during the year from the dormitories, some of which surely captures withdrawals from college, but most of which represents a substitution of off-campus in place of on-campus housing. At a modest estimate of 10% attrition September-January, another 75-100 students will enter the local rental market by the beginning of spring semester. The difference between a high-occupancy year (1000) and a low occupancy year (750) is approximately a 25 student (or roughly 8 rental unit) difference in demand for local rental housing.

7 Personal communication with author, June 2006.
Survey Results

Our telephone survey of students was administered between April 15th and May 1st, 2006, to 172 students living on- and off-campus. Appendix A includes the survey instrument itself. Table 1 presents in summary format the statistical results of the numerical questions.

Of the 172 students surveyed, 90 lived on-campus and 82 lived off-campus. Figure 9 presents the composition of the sample, according to academic status and residency. Figure 10 gives a finer breakdown of housing arrangements, from the answer to survey question number 2.

Figure 11 compares the perception of on- and off-campus housing costs, on the part of both on- and off-campus residents. It is clear from these numbers that off-campus residents systematically view on-campus housing as more expensive than those actually living in the dorms do. It is also true that those living on-campus systematically view off-campus housing as more expensive than those actually living off-campus do. Perhaps most curiously, both parties underestimate the true cost of on-campus housing, which in 2005-2006 varied from $430-$530 per month, depending on room characteristics.

Figure 12 compares the perception of on- and off-campus food costs, on the part of on- and off-campus residents. Similarly to the results above, off-campus residents systematically view the campus food service as more expensive than on-campus residents do. Likewise, on-campus residents systematically view off-campus food expenses as higher than those reported by off-campus residents. While the median on-campus resident views off-campus food expenses as about 1/3 less than on-campus, the median off-campus resident views them as more than 50% less. Again, curiously, both parties underestimate the true cost of on-campus meal plans. The 19-meal plan, for example, cost approximately $375 per month in 2005-2006.
Figure 13 compares satisfaction ratings with housing and food service, both for current on-campus students and for former on-campus students now living off-campus. Again, there appears to be a power self-selection at work, with off-campus students having a significantly lower opinion of on-campus life than do their on-campus peers.

Figure 14 shows that a off-campus residents in the sample are satisfied, by and large, with their housing choice. 64 out of the 82 respondents rated their off-campus housing experience either a “4” or a “5” (on a scale of 1:5).

On the other hand, figure 15 shows that only 34 out of 90 dorm residents had a similarly high opinion of their on-campus living experience (i.e. rated it a “4” or a “5” on a 1:5 scale).

There are some reasons to believe that off-campus housing is not quite the bargain it is represented as, however. Only slightly over 50% of respondents rated their satisfaction with their landlord a “4” or a “5” (1:5). Approximately 10% rated landlord satisfaction a “1” or a “2”. Figure 16 illustrates. Median monthly transportation costs (question 13) were $30/month.

Conclusions

The survey results reveal that both on- and off-campus students actually underestimate the cost of both housing and food service on-campus. While on-campus students estimate off-campus housing and food costs that exceed what off-campus residents report, these latter data are self-reported and of dubious reliability, so we can’t conclude that on-campus students underestimate (or overestimate, for that matter) true off-campus living costs.

There are a variety of factors associated with dorm life that are not captured: social factors, proximity to campus activities, security and health, etc. Nevertheless, the survey results indicate that students who have moved off campus are well satisfied with their
decision—moreso than on-campus residents, in fact. While it is not the purpose of this study to advocate for one arrangement or another, the fact that a) on-campus expenses are actually underestimated, and b) off-campus residents are content with their housing choice, suggests that persuading students to live on-campus is not a simple matter of correcting their misunderstandings about rental market experiences and the true cost of campus life.\(^8\)

Any University strategy to increase dorm residency should stress convenience and quality-of-living characteristics, since cost competition is not favorable. On a deeper level, the town and the University share a common interest in the decisive issue for both dorm residency and rental occupancy: enrollment. While interests would appear to be opposed when it comes to vying for the existing student housing market, there is no evidence of a trend, or indeed of much variation in how the pie gets divided. At the macro level, improved enrollment stands to benefit all parties.

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\(^8\) Although it remains possible that the reported off-campus costs of housing and food are in fact underestimated. Actual (as opposed to reported) expenditure data would be necessary to verify this.
APPENDIX 1: FIGURES AND TABLES

FIGURE 1

Fall Headcount and Dormitory Occupancy

FIGURE 2

Annual Attrition from Dormitories
Figure 3

Dormitory Occupancy by Class, 2004

- Freshmen: 45%
- Sophomores: 17%
- Juniors: 11%
- Seniors: 27%

Legend:
- Freshmen
- Sophomores
- Juniors
- Seniors

Figure 4

Entering Freshman Class Size (PSEO Enrollment Excluded)

- Non-PSEO New Freshmen

Year:
- 1993
- 1995
- 1997
- 1999
- 2001
- 2003
- 2005
<table>
<thead>
<tr>
<th>Question #</th>
<th>Question content</th>
<th>mean (s.d.)</th>
<th>median</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>on campus residents’ estimate of current monthly housing cost</td>
<td>385.30 (126)</td>
<td>392.5</td>
</tr>
<tr>
<td>4</td>
<td>on-campus residents’ estimate of current monthly food cost</td>
<td>235.54 (192)</td>
<td>200</td>
</tr>
<tr>
<td>5</td>
<td>on-campus residents’ estimate of off-campus housing cost</td>
<td>298.28 (432)</td>
<td>250</td>
</tr>
<tr>
<td>6</td>
<td>on-campus residents’ estimate of off-campus food costs</td>
<td>150.17 (114)</td>
<td>120</td>
</tr>
<tr>
<td>7</td>
<td>on-campus residents’ satisfaction with food/residence hall experience</td>
<td>3.07 (0.99)</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>off-campus residents’ estimate of current monthly housing cost</td>
<td>288.65 (192)</td>
<td>230</td>
</tr>
<tr>
<td>10</td>
<td>off-campus residents’ estimate of current monthly food cost</td>
<td>151.98 (107)</td>
<td>100</td>
</tr>
<tr>
<td>11</td>
<td>off-campus residents’ estimate of on-campus housing costs</td>
<td>504.73 (408)</td>
<td>400</td>
</tr>
<tr>
<td>12</td>
<td>off-campus residents’ estimate of on-campus food costs</td>
<td>343.95 (278)</td>
<td>300</td>
</tr>
<tr>
<td>13</td>
<td>off-campus residents’ estimates of transportation costs to/from UMM</td>
<td>67.68 (96)</td>
<td>30</td>
</tr>
<tr>
<td>14</td>
<td>off-campus residents’ reported satisfaction w/landlord</td>
<td>3.75 (1.00)</td>
<td>4</td>
</tr>
<tr>
<td>15</td>
<td>off-campus residents’ reported satisfaction w/off-campus housing</td>
<td>4.02 (0.83)</td>
<td>4</td>
</tr>
<tr>
<td>16</td>
<td>off-campus residents’ satisfaction w/their on-campus residence hall/food experience</td>
<td>2.5 (0.98)</td>
<td>2</td>
</tr>
<tr>
<td>20</td>
<td>hours/week spent working for pay</td>
<td>14.62 (11.55)</td>
<td>10</td>
</tr>
<tr>
<td>21</td>
<td>hours/week spent studying</td>
<td>16.25 (9.93)</td>
<td>15</td>
</tr>
</tbody>
</table>
**Figure 9**

Sample composition, by class

- freshmen
- sophomores
- juniors
- seniors
- non-traditional

Legend:
- on-campus
- off-campus

**Figure 10**

Question 2: Current Housing Status

- on-campus, shared double room
- on-campus, private room
- on-campus, apartment
- off-campus, alone
- off-campus, with other students
- off-campus, at home (i.e. with parents or family)
- other
**Figure 11**

Perceptions of Relative Housing Costs

- On-campus perception of on-campus housing cost
- On-campus perception of off-campus housing cost
- Off-campus report of true housing costs
- Off-campus perception of on-campus housing cost

**Figure 12**

Perceptions of Relative Food Costs

- On-campus perception of on-campus food cost
- Off-campus perception of on-campus food cost
- Off-campus report of true food costs
- Off-campus perception of off-campus food cost
FIGURE 13

Reported satisfaction (scale 1:5) with on-campus housing and food service experience (questions 7 and 16)

FIGURE 14

Question 15: Overall Satisfaction with Off-Campus Housing
FIGURE 15

Question 7: Satisfaction with On-Campus Residence Hall and Food Service Experience

FIGURE 16

Question 14: Landlord Satisfaction Rating (off-campus residents only)
APPENDIX 2: SURVEY INSTRUMENT

Housing Choice Survey

[Consent script]

1. What year are you in school? (check one)
   ___ PSEO         [IF PSEO: “PSEOs are not targeted by this survey, but thanks for your cooperation!”]
   ___ Freshman
   ___ Sophomore
   ___ Junior
   ___ Senior
   ___ Non-degree

2. What best describes your current living arrangement during the school year?
   (Allow them to volunteer; read the options if they need guidance)
   ___ on-campus, shared double room
   ___ on-campus, private room
   ___ on-campus apartment
   ___ off-campus, alone
   ___ off-campus, with other students
   ___ off-campus, at home (i.e. with parents or family)
   ___ other

   If off-campus, GO TO question 8; else proceed to question 3

3. What is your best estimate of your current monthly housing cost, living in the residence hall (not including the meal plan)?

4. What is your best estimate of your current monthly food cost, including the meal plan, incidental snacks and meals out?

5. What do you estimate your monthly housing costs would be for acceptable accommodations off-campus? (not including food)

6. What do you estimate your monthly food costs would be off-campus?

7. Rate your satisfaction with your residence hall/food service experience on a scale from 1 (“very dissatisfied”) to 5 (“very satisfied”)

   1 2 3 4 5
   (very dissatisfied) (very satisfied)

   GO TO question 17

8. Do you have a private bedroom in your off-campus living quarters?

9. What is your best estimate of your current monthly housing cost, including utilities?
   $____
10. What is your best estimate of your current monthly food costs, including groceries, meals out, and incidental snacks?
$_____

11. How much do you estimate your housing cost (not including food) would be for a private room on-campus, per month?
$_____

12. How much do you estimate your food costs would be on-campus, including the meal plan, incidental snacks and meals out, per month?
$_____

13. How much do you estimate your monthly transportation costs are, due to living off-campus?
$_____

14. Rate your satisfaction with your landlord on a scale of 1 (“very dissatisfied”) to 5 (“very satisfied”)  
1 2 3 4 5  
(very dissatisfied) (very satisfied)

15. Rate your overall satisfaction with your off-campus housing arrangements on the same 1 to 5 scale.  
1 2 3 4 5  
(very dissatisfied) (very satisfied)

16. Rate your satisfaction with the residence hall/food service experience at UMM on the same 1 to 5 scale, or indicate “N/A” if you have no basis for judgment.  
1 2 3 4 5  
(very dissatisfied) (very satisfied)

“Good. We’re almost done. Now I’m going to ask just a few more questions about personal characteristics:"

17. What is your major?

18. I’m going to read you a list of activities. Please indicate whether you participate in such. Do you: 

___ play an intercollegiate or club sport? 
___ participate in intramural competitions? 
___ participate in student government? 
___ participate in other student organizations? 
___ participate in a performance art activity on campus (choir, band, theater,...)?

19. Where did you attend your last year of high school? (check one)  
___ Minneapolis-St.Paul Metro Area  
___ Greater Minnesota  
___ Out-of-state  
___ International

20. Approximately how many hours each week do you spend working for pay (including work-study)?

21. Approximately how many hours a week do you spend studying?

22. Solely for information purposes, would you be willing to voluntarily self-identify your gender and racial or ethnic affiliation? [Closing script]