

Project: **Grizz Housing**

Team Charter

Presented to

Dr. Yaman R****

Oakland University

School of Business Administration

Project Description

Our team is currently teaming up with Oakland University to create a mobile application with a purpose of helping the students of Oakland University who live off-campus, be able to easily find and rent affordable apartments.

Students - especially international students have been and are struggling a lot with short-term rental as almost all apartment complexes demand at least 1-year contract on its tenants. This mobile application will help them to be able to connect themselves to landlords who are willing to offer short-term living with little to no strings attached.

Our Team

Gaby P****	(947) 201-****	*****@oakland.edu
Ori O****	(947) 202-****	*****@oakland.edu
Ruma Begum	(947) 203-****	*****@oakland.edu
Elli N****	(947) 204-****	*****@oakland.edu
Kelly G****	(947) 205-****	*****@oakland.edu

Introduction

The hospitality industry is made up of 4 sectors: lodging and accommodation, food and beverages, travel and tourism, and entertainment and recreation. In the lodging and accommodation sector, there is a current lack of affordable short-term rental opportunities in the Metro Detroit area. According to the Boston Hospitality Review (Makarand & Monica, 2018), there are new societal trends that are impacting the lodging sector. Consumers are seeking more instant gratification and personalization and are looking for a sense of community. The post-consumerism trend is also shifting the desire to acquire material items. Similarly, the online booking travel industry consists of applications such as Booking, Expedia, Airbnb, and Trip.com. According to BusinessofApps (David, 2022), "online travel bookings peaked at \$755 billion in 2019, before declining 46% to \$403 billion in 2020. In 2021, travel bookings increased to \$613 billion." The Grizz Housing application would compete with apps like these such as Airbnb, Homestay.com, and Vrbo. All these websites/applications, however, offer rooms, apartments, or homes for exceedingly high amounts, relative to the price of the actual housing. For example, the nearest Airbnb listings to Rochester, MI starts at \$1,300/month for a private room in a house. On Homestay.com, one listing near Rochester appeared, and was \$360/week for a private room. Vrbo is also a similar application and renting a two-bedroom home for a month near Rochester, MI ranged from \$4,000-\$8,000.

From another perspective, the residential real estate sector has been known to continuously increase in value. *"In May 2021, house prices were said to have risen 18.0 percent from the previous year, and since January 2012, the industry has achieved a compound annual growth rate of 7%."* (FHFA, 2021, p. 1 &

4) Often used as a measure of economic performance, the real estate sector can provide high returns on investment at certain times. *"A 45.3% ROI was achieved from home sales. At \$94,092, this was 45% higher than the previous year (\$64,931)"* (*"Real Estate Definition,"* 2022). In general, the real estate sector covers activities involved in purchasing, renting, and selling land and any permanent structure attached to it. A segment of this sector that focuses on homes is known as residential real estate (*"Real Estate Definition,"* 2022). While this sector can be very attractive to new investors, it is important to consider some of the pitfalls. Factors such as location, property taxes, and municipal services should be examined. Like any business, costs associated with owning and maintaining the property should be minimized. To achieve this, some companies have opted to serve as a marketplace for individuals looking to buy, sell or rent a piece of real estate. This is an attractive form of the business, as costs associated with owning and maintaining the property are eliminated. With an online presence, the ability to scale increases, and provides other opportunities to maximize revenue.

The Problem

Currently, OU students do not have a platform that connects them to short-term renting opportunities. For example, some students may wish to sublet their apartments while away, while others are looking for short-term housing. This is compounded by a lack of means to connect students seeking roommates with fellow OU students.

With a total capacity of 2,366 (*Oakland University, n.d.*), the spaces are limited in the university residence halls for the estimated student population at the university (17,170) (*Residence Halls - Housing - Oakland University, n.d.*). These halls offer services for the academic year that are tailored to freshmen and transfer students. Common rental marketplaces like *Zillow*, *Trulia*, *Apartments.com*, etc. with longer lease terms are tailored to working professionals. The merchants on these sites offer the standard lease term of 1 year, and lower lease terms often lead to increased costs. Other options like Airbnb serve short-term visits ranging from 1 to 7 days.

With **Grizz Housing**, students can find lease terms on an academic term basis. Students who cannot complete their lease terms can avoid the cost of breaking a lease agreement by subletting their apartments to other students. With profile matching, tenant rating, and owner rating, students can quickly find and connect to suitable roommates.

Grizz Housing can be compared to short-term leasing competitors such as *Sonder, Evolve, FlipKey* and *Airbnb*. Qualities all these competitors assess is the idea of providing short term leasing for homes, apartments, and private rooms. The stay can range up to a few days to a month. However, the issue with these competitors is the availability. For example, if a customer is looking to rent a room for a few months, each day of those months must be available in order to book the stay. This can be incredibly inconvenient for customers like students who are looking to book a stay for a semester term without the hassle of making sure each day is available.

The unique convenience **Grizz Housing** has to offer is the hassle-free short-term leasing service. Students do not have to worry about a contract with their university/college or wait months for approval. Students can match their needs by simply customizing their preference and viewing reviews and ratings. They are able to view all open availability and chat with owners for any required adjustments. Students have the option to split their payment with roommates or split the cost between different payment methods. All these conveniences make **Grizz Housing** a unique experience for students and provide them a stress-free semester.

System Capabilities

Our application will have five (5) main subsystems:

● Profile

- Registration (using OU email authentication).
- Login.
- Link with social media profiles (for faster logins, find friends, etc.).
- Profile Update.
- Profile Deletion Request.
- Preferences (what type of apartments, pet friendly, etc.).



● Listing

- Explore apartments available for rent.
- Search for desired apartments.
- Sort and filtering apartments.
- Like and save apartments to favorites.
- Report false listings.
- Quickly share information about an apartment.



● Communications

- Chat (with renters, with landlords, etc.).
- Payment due notifications.
- Apartment approval notifications.
- Price drop in favorites notifications.



- New listing notifications.
- Potential roommates found notifications.

● **Payment**

- Add/update/remove payment methods.
- Link with external payment services (PayPal, etc.).
- Enable auto-pay.
- Split payment (between roommates).
- Split payment (between multiple payment methods).
- Request late payment to landlords.



● **Analytics and Reviews**

- Write reviews for apartments.
- Write reviews for landlords.
- Respond to review replies.
- Rate apartments.
- Apartment matching based on preferences/favorites.
- Targeted ads based on preferences/favorites.
- Price analytics on apartments.



Business Model

The following are the main sources of revenue planned for our application. These fees will all be processed with our built-in payment system.

- Listing Fees

- When a user places a listing on the app, there is a [6% listing fee](#).

- Ads (targeted on user's preferences)

- Using the location, age, and price range of the user, a bottom banner on the application will display ads tailored to the user. Any company looking to utilize our ad space will pay for the virtual real estate.
- Users can pay a one-time [\\$5 fee](#) to remove ads from their device permanently.

- Commission off listings

- Every time a housing agreement is signed, [5%](#) is tacked onto the buyer's end as a commission. This commission will return directly back to the company.
- If the listings are to be paid for via credit card, additional credit card fees will be applied.

References

- Curry, M., (2022). Travel App Revenue and Usage Statistics (2022). Business of Apps. Retrieved from <https://www.businessofapps.com/data/travel-app-market/>
- Listing Fees: What are They and How Will They Affect You? . (2016). Retrieved September 10, 2022, from <https://www.homes.com/blog/2016/12/listing-fees-what-are-they-and-how-will-they-affect-you/>
- Mody, M., & Gomez, M., (2018). Airbnb and the Hotel Industry: The Past, Present, and Future of Sales, Marketing, Branding, and Revenue Management. Boston Hospitality Review. Retrieved September 10, 2022, from <https://www.bu.edu/bhr/2018/10/31/airbnb-and-the-hotel-industry-the-past-present-and-future-of-sales-marketing-branding-and-revenue-management/>
- House Price Index (HPI). (2021). Retrieved September 11, 2022, from https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA-HPI-Monthly_7272021.pdf
- Real Estate Definition. (2022, July 6). Investopedia. Retrieved September 12, 2022, from <https://www.investopedia.com/terms/r/realestate.asp>
- Residence Halls - Housing - Oakland University. (n.d.). Retrieved September 12, 2022, from <https://oakland.edu/housing/options/residencehalls/>