----------------------------------------------------------------

MIT STUDENT HOUSING

----------------------------------------------------------------

Institution as Agent in the City

Educational institutions in the Boston area occupy large areas of land and have big impacts on the housing market. In the MIT-adjacent trifecta of Boston-Cambridge-Somerville, students make up 15% of the total population.

Imagining that each student would occupy the absolute minimum living space allowed by sanitation code, this population of students would require an apartment with a footprint larger than downtown Boston.

Rents are higher in neighborhoods close to educational institutions. There is a $700 average difference in rental price for the same unit between neighborhoods in Boston with the highest and lowest number of students.

Of the 65,000 renters in Cambridge alone, 4% are MIT graduate students. This is double the amount of MIT graduate students renting off-campus in Cambridge 20 years ago (2017 Interim Report, 9).

Graduate students can outcompete low and moderate income renters on the housing market as “additional renters in a tight housing market, and specifically, as roommate groups who can outprice local families for multiple bedrooms units (Clay Report, 45). From 2000-2013, Cambridge saw losses of low income (30-50% AMFI) and moderate income (50-80% AMFI) households. In this same period, it saw a small increase in very low income (<30% AMFI) households and a drastic jump in middle and high income (>80% AMFI) households (2017 Interim Report, 14).This also corresponds with the period in increasing graduate student presence on the rental housing market.

Graduate students clearly contribute to the demand for rental housing in the area. Combined with the declining stock of rental units due to condo conversion, this has produced a highly competitive rental market in Cambridge, which has only a 2.5% vacancy rate, a rate which allows landlords to substantially raise rents. A 5.5% vacancy rate is the minimum at which rents tend to stabilize, and Cambridge and Boston have been below this rate since 2010 (2017 Interim Report, 10).

Median asking rents for 1, 2, and 3 BR units have increased on average 4%-6% per year since 2000 (a much higher rate than the increase of student stipends). From 2000-2013, 1BR asking rents increased 80%, 2BRs 65%, and 3BRs 60% -- Cambridge rents are increasing at an accelerated rate (Clay Report).

Graduate students reported spending an average of 52% of their income on housing, sometimes even more. The average MIT graduate stipend, which is set yearly by the school of Life Sciences (check this) is about $30,000 per year. Other schools set graduate stipends, if they even have stipends, at around the same level.

A Short History of MIT Student Housing

In the early 1930s, MIT President Karl Compton pontificated on the need for graduate residences: “Graduate students now lack almost completely the social contacts, which the undergraduates enjoy throughout their manifold organized activities. Their cultural development, and hence their social effectiveness, depend on such contacts. The most natural cultural training comes from free social intercourse between men of differing interests but of equivalent intellectual outlook.” (Clay Report, 10)

Now, while 75% of the 4,524 undergraduate students live on Campus, only 36% of the nearly 6,355 graduate students live on campus. (2017 Interim Report, 21)

There is a shortage of graduate student housing. The actual number of the deficit has been difficult to determine, and there have been a series of studies and surveys that place the demand for MIT graduate student housing between 100 and 1450 new beds.

The Clay Report, the 2014 findings of the Graduate Student Housing Working Group, was a comprehensive report that projected demand for graduate student housing to be between 500 and 600 new beds, based on the number of off-campus students who would prefer to live on campus.

The 2017 GSC Housing Survey found a demand for 1450-2450 new beds based on the number of off-campus students who would prefer to live on campus depending on what is offered.

In 2017, there were 310 people in the on-campus housing lottery who did not receive accommodation. Of those, 100 stayed on the waiting list, hoping for a bed to open up.

One way to interpret the diversity of the estimates for housing demand is that they correlate with the rising rents in the area and the rising enrollment of graduate students and post-docs who all compete for the same housing stock. As demand rises, market rates soar, and the slightly lower-than-market rates of campus housing and its moderate rate of increase per year (3.5%) become more attractive.

Campus rents range from $700 to $1,926 for one person (2017-2018 academic year).

The most recent report from the new Graduate Student Housing Working Group estimates the need for 1000-1100 new beds.

Based on this report, the administration has committed to pledge 950 new beds to the graduate student housing stock. This number will include the following:

The Kendall Square Initiative includes a new 450-bed graduate student housing building, designed by NADAA. At the same time, the Eastgate graduate student family housing building will be demolished. This addition and subtraction will net 250 new beds.

A new residence hall will be built which will accommodate at least 500 new beds. MIT is currently exploring sites for this and will apply for a discretionary, alteration or building permit no later than the end of 2020.

Convert existing beds to permanent graduate beds (i.e. 70 Amherst) and/or establish new beds on MIT’s campus or properties owned by MIT, to create an additional 200 beds. The discretionary, alteration or building permit for this will be applied for before the end of 2020.

These three prongs total 950 beds, which is still less than the estimate of demand put forth by the current working group.

While MIT has been steadily adding to its stock of graduate housing (1470 units of graduate student housing between 1997 and 2017), it has always fallen short of the projected demand. Student and community activist groups like GSAN (Graduate Student Apartments Now) have organized to hold MIT responsible for housing its student population as a good neighbor within a larger community which it impacts greatly. GSAN has petitioned the Cambridge City Council to require MIT to provide student housing along with its new developments, beginning with its vast, new acquisition, the Volpe site.

MIT as Landlord

MIT is the biggest landlord in Cambridge, paying the lion’s share of property taxes (14%), although all of its academic buildings are non-taxable.

In addition to its academic property, MIT owns several properties in Cambridge that are a part of its investment portfolio. Acting almost as an invisible extension of the MIT campus, these properties are leased to companies or used and managed as residential real estate, all revenues of which contribute to the MIT endowment.

The original land acquisition policy of MIT was to lease land out “as is” so that the tenant would cover any improvements and “write down the capital cost of the property so that when it came time to transfer it into the academic category its cost would be low” (O.R. Simha, MIT Faculty Newsletter, 2001). Basically, these land acquisitions were ensuring the possibility of the academic expansion of the institute, while gaining some advantages in the interim.

In the 1990s there was a change in the way MIT handled newly acquired land. It’s program “shifted from one whose primary goal was the assembling of land for future academic purposes, to one whose primary goal was the management and development of these properties to maximize the return on investment, until such time as it was needed for academic purposes” (Simha, 14).

In 2004 the MIT Investment Management Company (MITIMCo) was established, and began operating more like a business than as an academic department. Former employees of the MIT treasurers office employees joined this new entity with higher compensation based on market standards for investment managers and also had compensation incentives based on performance. “A key result of this arrangement is that the investment real estate group’s employees, whose incomes are based in part on performance, were encouraged to seek maximum return for any land resource under their supervisors” (Simha 14).

A report in 1998 pointed to the conflict of interest between the priorities of ensuring academic expansion and seeking lucrative investments. The report said that “the institute had failed to acquire some important properties that were key to its academic future, because the return on investment was not high enough to meet their benchmark for returns” (Simha, 14).

“Since the 1960s, MIT has acquired a portfolio of nine apartment buildings in Cambridge that provide a total of 355 beds. These are in MIT’s investment portfolio and are not part of the graduate housing inventory, but they are occupied 35% by graduate students. They are rented at market rates and don’t have campus amenities” (Clay Report).

It seems that MIT’s efforts to combat the escalating market rental rates for its students by finding ways to provide more campus housing are in part foiled by it’s other, more business-minded arm, MITIMCo. A bit like a snake eating it’s own tail, the priorities of these two ends of the institution seem to be at odds with one another. Considered in the context that, although MIT has added significant graduate housing stock in the past decades, it has always fallen short of the demand, and even in its current pledge to create 950 new graduate beds, continues to fall short by 150 units of housing.

Other recommendations made by the many well-conducted studies by MIT groups have also fallen on deaf ears. The Clay report recommended exploring new development options such as “partnerships with developers, long-term leases on new housing, and incorporation of housing into non-residential buildings on campus and nearby” (Clay Report, 8). MIT has, however, moved beyond the traditional dormitories, shifting to a more “apartment, suite and studio-style living in buildings that look more like urban residential buildings than dormitories” (Clay Report, 8).

Appendix: MIT Campus Housing

New research into campus housing discourages high rises, which reportedly increased feelings of isolation and negatively influenced patterns of interaction sense of community. The study encourages creating 350-student buildings in a “U” or “double tower” configuration, made up of clusters of 30 students in single and double rooms at a distribution of 40% singles and 60% doubles, connected to a nearby common space (Architectural Principles for MIT Undergraduate Residences, 3).

On average, 85% of the square feet of the graduate residence hall is for bedrooms or private students spaces. Housemaster and mechanical space take up 25%, and common spaces and amenities the other 25% (Clay Report).

For graduate students, common space and programming are less important, with “price, unit type, short commute times, air conditioning, and access to grocery and restaurant options more than they value (and are willing to pay for) large bedrooms and building amenities such as community space, fitness centers, and parking” (Chancellor’s Letter, 2017).

The MIT Campus Housing program currently operates at a small loss with revenues of $29 million per year and expenses of $30 million per year. This does not include the impending cost of deferred maintenance for much of the housing stock (2017 Interim Report, 36).

The total cost (operating and opportunity) of amenities for the current housing stock is ~$12 million per year—this includes utilities, internet and cable TV, fitness facilities, residential life programs, front desk and security, and opportunity costs of spaces to support the community (2017 Interim Report, 44).

This is equivalent to $4700 per bed per year on average.

----------------------------------------------------------------

“The Clay Report,” Report to the Provost of the Graduate Student Housing Working Group, May 2014.

O.R. Simha, “A Brief History of MIT’s Land Acquisition Policies,” MIT Faculty Newsletter, Vol. XXIV No. 2, November/December 2011.

Architectural Principles for MIT Undergraduate Residences, MIT Division of Student Life, October 14, 2016.

Interim Report, Graduate Housing Working Group, October 13, 2017.

Cynthia Barnhart, Letter from the Chancellor to the MIT Community, Expanding Graduate Housing, October 16, 2017.