

The Impact of Higher Education Institutions on Community Real Estate: A Case Study from University of Southern California

Hanfang Zhang¹

¹ University of Southern California, Dornsife College of Letters, Arts, and Science
3470 Trousdale Parkway, Los Angeles, United States
hanfang@usc.edu

Abstract: This article mainly studies 32 addresses on W 36th PL st, which is directly opposite the west gate of the University of Southern California, and shows the simultaneous expansion of higher education institutions and the transformation of the local community real estate market. While showing that the rapid development history of USC could have led to the influx of wealthy students into the community, this article shows the impact of the influx of students on real estate through the transformation from community-serving to student-serving and from single-family houses to multi-unit apartments.

Keywords: higher education institutions, studentification, real estate, urban economics

1. Introduction

The impact of Higher Education Institutions (HEI) on local communities, as a branch of gentrification, was first proposed by British professor Darren P. Smith. Smith used studentification to describe the phenomenon that students flow into local communities to rent houses because HEI cannot accommodate their students (Smith). The invasion of students has increased local housing demand, which is most directly reflected in the shift of local residential housing from single-family houses to House in Multiple Occupation (HMO) (Smith). Smith divides the impact of studentification on local communities into four main aspects: economic, social, cultural, and physical (Smith). In terms of economy, the influx of students has led to an increase in the number of tenants, which in turn has led to an increase in housing prices, resulting in a decrease in community home ownership rates and displacement of low-income groups (Smith & Holt, 2007). In terms of society, the similar demographic portraits of the student group (namely young, middle-class, transient, single, etc.) have led to their concentration and segregation in the local community (Smith & Hubbard, 2014). In terms of culture, the student group brings specific retail, consumer

services, and infrastructure that embrace a young lifestyle into the community, causing changes in community culture. It is worth noting that such cultural changes provide more potential jobs for the community at the expense of increasing the cost of living, so to some extent the social and cultural aspects are intertwined (Smith). In terms of physics, the concentration of seasonal and transient student populations will lead to the degradation of streetscapes and residential environments (Smith).. And these four directions of change point to a common trend, that is, the influx of students makes local communities no longer friendly to the original residents at different levels, leading to displacement.

It is worth noting that Smith's framework is based on the consequences of the expansion of HEI in the UK in recent decades (Heath, 2008). Although studies in Australia (Fincher & Costello, 2005), the United States (Revington et al., 2021), China (He, 2014), New Zealand (Collins, 2010), Spain (Garmendia et al., 2011) and other regions have confirmed that the expansion of HEI and its impact on the economy of surrounding communities, especially the housing market, is a common phenomenon, the impact of studentification is not homogeneous due to differences in

regions, policies, and school student composition. For example, in China, the campuses of HEI successfully accommodate the vast majority of students, making the economic impact of HEI on the housing of neighboring communities limited (He, 2014). In some universities in Australia and New Zealand, local students choose to live with their parents in suburban homes, so the communities near the school mainly accommodate international students (Collins, 2010; Fincher & Costello, 2005). In this regard, it is arbitrary to over-generalize the impact of HEI on surrounding communities through studentification. Therefore, it is necessary to study the relationship between HEI and the surrounding housing market through more studies of HEI with different characteristics.

As a large private research university in downtown Los Angeles, the University of Southern California (USC) has a significant research significance in analyzing the housing impact of HEI on surrounding communities due to its rapid expansion and large number of students. First, USC is located in the South Los Angeles area, in a diverse and relatively economically vulnerable community. Unlike the concentrated university towns in many European cities, the surrounding communities of USC have a rich history and multicultural background and have historically been dominated by low-density single-family houses. With the rapid increase in the student population of USC, the housing structure and demand in the surrounding areas have changed significantly, and single-family houses have gradually been replaced by multi-story apartment buildings and student dormitories. This phenomenon provides us with an opportunity to observe how HEI change the urban spatial structure and housing market. Second, the example of USC also demonstrates the complex dynamic relationship between HEI and local communities. University expansion brings economic benefits and job opportunities to surrounding areas, but it also exacerbates housing shortages and socioeconomic stratification in communities. Therefore, studying USC not only tests Smith's theory of studentification, but also provides new insights and practical cases in the unique social, economic, and urbanization context of the United States, enriching the global understanding of the interaction between higher education and housing markets.

In order to show the simultaneous expansion of USC, an

institution of higher education, and the changes in the housing market in the surrounding communities, this paper focuses on the housing changes in W 36th PL St, a street facing the west gate of the University of Southern California (USC) Parkside campus in Los Angeles in recent decades. This paper will first present the development history of USC, reveal the reasons for the increasing influx of students into the community, and analyze the structure of the influx of students. Subsequently, this paper uses qualitative research methods to determine the identity of the residents in W 36th PL St from #1129 to #1225 through knock-on-door and questionnaire surveys. Whether the residents are local residents or students, and the building type is single family house or multi-unit apartments. By organizing the above information into a map and comparing it from a time dimension, this paper finds that the influx of USC students and the transformation of W 36th PL st from #1129 to #1225 into student serving multi-unit apartments occurred simultaneously.

2. Need to Know About USC

When looking at the history of USC, the most important thing that cannot be ignored is USC's amazing expansion and ambition. USC was founded in 1880 when Los Angeles was still a wild town (2023). The original campus covered an area of about 7.5 acres and was funded and built under the desire of Judge Robert Maclay Widney and other citizens for higher education institutions. (Matrix Environmental, 2010). According to the USC official website, in 1880 USC had only 53 students and 10 faculty members. In the mid-to-late 20th century, USC expanded rampantly: in 1976, USC launched the "Toward Century II" fundraising campaign that brought in \$309 million; in 1990, USC built more than a dozen of buildings through "The Campaign for USC"; in the 1990s, USC received more than \$350 million to build new institutes and colleges. According to a report in 2021, the campus area of the University of Southern California has increased nearly thirty times compared to its initial area, expanding to a total area of 226 acres by 2021 (Matrix Environmental, 2021). The growth rate of USC's students is even crazier than the growth rate of its area. In 2009, the University of Southern California had 14,805 graduate students and 16,023 undergraduate students, and the total number of students was about 582 times that of the initial establishment (Matrix Environmental,

2010: II-26). As of the fall semester of 2024, USC has 26,000 graduate students and 21,000 undergraduate students, and the total number of students is 1.52 times that of 2009 and about 887 times that of 1880.

The disproportionate growth in area and total number of students has already hinted at USC's shortage of capacity to accommodate students. The growth of USC's student population has far outstripped the growth of its school area, resulting in the campus. According to reports, 51% of USC students and faculty live in the area surrounding campus (LAHD, 2021). According to the U.S. News College Report, only 35% of USC students live on campus (U.S. News, 2021). The proportion of students living on campus at UCLA, which is also located in Los Angeles, is 48%, which is 37.14% higher than the proportion of students living on campus at USC (U.S. News, 2021). Compared with other private research universities nationwide, USC provides a significantly lower percentage of undergraduates in university-owned housing. In the 2012 Status Report on USC Specific Plan and Development Agreement compares the University of Southern California', USC has a significantly higher number of undergraduates than other private research universities, and a significantly lower percentage of undergraduates in university-owned Housing than other universities.

According to Table 1, Columbia University and Harvard University can provide housing for more than 95% of undergraduate students, the University of Pennsylvania and the University of Chicago can provide housing for more than 60% of undergraduate students, while USC can only provide housing for 29% of students. In other words, about 1,828 undergraduate students from the University of Chicago, 405 undergraduate students from Columbia University, 217 undergraduate students from Harvard University, and 3,708 undergraduate students from the University of Pennsylvania live off campus, compared to about 9,774 undergraduate students from the University of Southern California. The extremely limited capacity of the University of Southern California makes the scale of student spillover to the surrounding community even larger.

In addition to the large scale of spillover, the high heterogeneity between USC students and the local community also points to a potential high-impact pulse. First,

there is a significant difference in the average family income of students attending USC and the South-Central Los Angeles neighborhoods where they live. The New York Times reported in 2022 that the average annual income of American families in 2022 was \$74,580, and the average annual income of USC families was \$161,400, while the average annual income of families in South Central Los Angeles where they live was only \$40,829 (Lavette, 2024). In addition, the neighborhood where USC is located was originally a community dominated by economically vulnerable black and Hispanic residents. According to statistics from the USC Price School, between 1990 and 2019, the proportion of Hispanic residents in the neighborhood where USC is located remained stable at slightly more than 60%, while the proportion of black residents decreased from 24% in 1990 to 13% in 2019. At the same time, the proportion of white and Asian residents is rising. The proportion of white residents increased from 10% in 1990 to 13% in 2010, and then fell back to 11% in 2019. The number of Asian residents has steadily increased, from 4% in 1990 to 11% in 2019 (Data USA). Although such changes may have been the result of the influence of USC, even the resident structure in 2019 is still significantly different from the student structure of USC: 31% of USC students in 2019 are white, 27% are international students, 18% are Asian, 15% are Hispanic, and 6% are black(Data USA). Therefore, the persistent racial economic gap in the US. society also implies the potential of USC students to cause economic impact on local communities.

In summary, the above data show how USC, as a higher education institution, has led to a continuous overflow of students and has the potential to have a significant impact on local communities. USC's ambitious expansion has led to a barbaric growth in its student population, and USC's ability to accommodate students is significantly weaker than other private research universities, resulting in a large number of students flocking to local communities to seek rental housing. At the same time, there is a huge difference between the demographics of USC students and the demographics of the local community, resulting in the economic strength of the student group being significantly higher than that of the local economic group, suggesting the possibility for an economic impact on the local housing market.

Table 1: Students Housed in University-owned Housing at Private Urban Universities

	USC	Chicago	Columbia	Harvard	U Penn
Number of Undergrad Students	16,023	5,377	8,103	7,245	10,301
Percentage of Undergrad in University -owned Housing	29	66	95	97	64
Number of Graduate Students	14,805	9,222	17,833	13,804	11,028
Percentage of Graduate Students in University -owned Housing	0	n/a	n/a	n/a	15

(LoGrande, 2012)

3. Methodology

To track the changes in resident and housing types on W 36th PI Street, this survey is based on the research conducted by SAJE (Strategic Actions for a Just Economy) in 1999 and 2009, which focused on the conversion of community-based housing to student-based housing and updated the data for 2024 and expanded the time when the housing type conversion occurred. The data was updated and expanded mainly through secondary research and qualitative research.

In the secondary research part, a list of addresses of properties and units on West 36th Street was created using databases such as OWN-IT, an interactive mapping platform that integrates tenant-related information from various sources. OWN-IT aims to address the displacement of low-income and communities of color by promoting community ownership strategies to promote fair access to housing, informed decision-making, and tenant rights protection. In addition, Google Maps was used as a supplementary data source to obtain physical and satellite images of specific addresses and buildings to ensure the correct matching of addresses and buildings. Additionally, the online database Zone Information and Map Access System (ZIMAS) was used to collect property-related information

during the study. This website is currently maintained by the City of Los Angeles and provides information including number of units, year built and use code.

In the qualitative research portion, this study utilized various data collection methods, including door knocking, surveys, and observations, to investigate the conversion of community-serving housing to student-serving housing and single-family-house to multi-unit apartments. Because of the limited scope of the survey subjects, these qualitative research methods allow this study to obtain comprehensive information through in-depth conversations with rental agents, tenants, and residents to ensure fullness of measurement. In the first phase of the study, two groups of USC students conducted four times of door-knockings over a two-week period in March 2023 to collect information. Initially, the door visits were conducted on weekday afternoons, but due to accessibility issues, the last two groups were conducted on weekends to increase the response rate. During the door visits, students distributed surveys and had in-depth conversations with residents who were willing to discuss them. Additionally, the research team recorded contact information on banners outside of units and subsequently called the management phone number to obtain information about whether the spaces were rented exclusively to students or whether students were given priority. Finally, the research team conducted observations with the results of the secondary research, verifying and revising the collect-information by observing water meters, mailboxes, and building exteriors.

4. Maps and Data

The maps collected in the study describe the distribution of student-serving, community-serving, and mixed properties on W 36th PI Street in 1999, 2009, and 2024.

In 1999, of the 32 addresses on W 36th PI Street, only the two addresses on the north side closest to the west gate of USC were student-serving, and the second closest address on the south side to USC was being converted into student-serving, while all the other addresses were community serving. In other words, in 1999, 87.88% of the 32 addresses on W 36th PI Street were inhabited by local residents. Although USC students have begun to flow into the local real estate market, they have not yet changed the service targets and direction of the entire market. At the time point of

1999, the real estate market of W 36th Pl Street seemed to be mildly affected by USC, but the story became almost completely different in 2009.

Figure 1: Map of Student-serving, Community-serving, and Mixed Properties on W 36 Pl Street in 1999

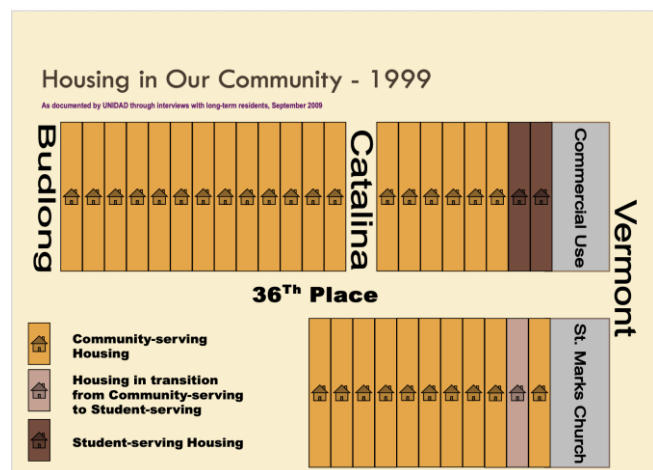
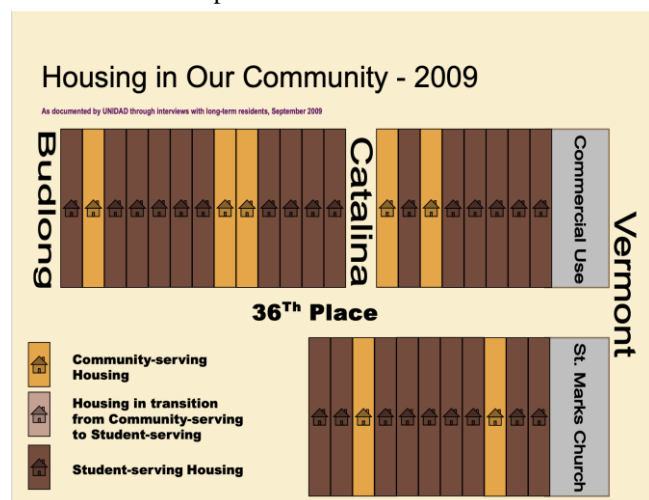


Figure 2: Map of Student-serving, Community-serving, and Mixed Properties on W 36 Pl Street in 2009



In 2009, only 7 of the 32 addresses on W 36th Pl Street were still community serving addresses, and the remaining 25 addresses had become student-serving addresses. In other words, in the decade from 1999 to 2009, including one address that was already in the transition process in 1999, a total of 23 addresses became student-serving addresses, and 23 local families were displaced. At the time point in 2009, only 21.86% of the 32 addresses were still inhabited by local residents. Compared with ten years ago, the number of

communities serving housing on W 36th Pl Street in 2019 decreased by 75.11%.

In 2024, there are only two addresses on W 36th Pl Street that are purely community serving. In 2024, there are 23 pure student serving addresses, 3 mixed addresses, and 4 addresses that are about to be demolished (and built into student serving apartments). That is to say, in 2024, only 3.13% of the addresses on W 36th Pl Street are still inhabited by local residents. This community is basically no longer a community facing local residents, but an "off-campus dormitory" facing college students. Interestingly, although there are fewer community-serving buildings, there is a phenomenon of mixed living by students and local residents. According to conversations with local residents and real estate agents, this situation occurred because USC no longer required students to attend offline classes during Covid, and the supply of W 36th Pl Street real estate market was much greater than demand. As a result, some landlords signed long-term rental contracts with some local residents looking for houses at extremely low prices during Covid. This also suggests that there is a relationship between the displacement of community residents and rising housing prices and the influx of students.

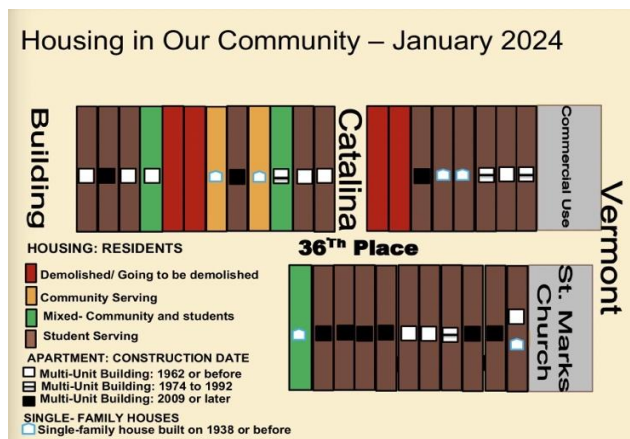
Figure 3: Map of Student-serving, Community-serving, and Mixed Properties on W 36 Pl Street in 2024



In Figure 4, the building type and year of built are shown. All 6 single-family houses were built in 1938 or earlier, and there are 5 addresses that contain only single-family houses (two of which are community-serving houses). Multi-unit apartment is the dominant type on W 36th Pl St. There are 22

addresses that contain only multi-unit apartments, accounting for 68.75% of the entire street. Among these addresses, eight addresses have multi-unit apartments built before 1962; four addresses have multi-unit apartments built between 1974 and 1992; nine addresses have multi-unit apartments built after 2009, and four multi-unit apartments are under construction. There was a trend of building community-serving multi-unit apartments before 1962, and this preference for multi-unit apartments was flat for a while until the construction of student-serving multi-unit apartments became popular again after 2009.

Figure 4: Map of Properties' Year of Built on W 36 Pl Street in 2024



5. Results

In conclusion, there are two trends on W 36th Pl Street. The first trend is that student-serving housing is replacing community-serving housing, and the second trend is the resurgence of multiple-unit apartments after 2009.

In summary, the history of USC's development shows that in the past century, USC's population expansion has been far greater than its area expansion, and its ability to provide on-campus accommodation for students is lower than that of other private research universities. These two points have co-led many middle-upper class USC students to leave the campus and seek off-campus accommodation at a proximity to campus. At the same time, on W 36th Pl St, directly opposite the west gate of USC, the trend of local residents being replaced by USC students continued between 1999 and 2024. The proportion of local community-serving housing decreased from 93.75% in 1999 to 6.25% in 2024, and the

proportion of student-serving housing increased from 6.25% in 1999 to 68.75% in 2024. In addition to the increase in student-serving addresses, the demand for accommodating students is also increasing. The trend of rebuilding the original houses into multi-unit apartments that emerged after 2009, and the reconstruction projects that have been started again in the post-COVID era, show that the market's willingness to accommodate more USC students continues, and this studentification transformation is still happening. Although current research has not yet demonstrated the relationship between USC's expansion and W 36th Pl St's real estate market transformation through quantitative model analysis, qualitative research has suggested that such a connection is likely to exist.

6. Discussion and Conclusion

This study explores the phenomenon of an increase in student service addresses, a decrease in original resident addresses, and an increase in multi-unit apartments on streets near the University of Southern California. These changes occurred simultaneously with the influx of wealthy USC students into local communities, revealing the economic and social impact of higher education institutions on surrounding communities.

The study found that the increase in student service addresses on streets near USC may reflect the increased demand for community housing due to the growth of the student population. The influx of affluent students may have pushed up regional rents and living costs, forcing original residents to move out. This phenomenon is reflected in the decrease in original resident addresses and the increase in multi-unit apartments, indicating that the community structure is undergoing significant changes. Although this study does not establish a correlation through quantitative models, the observed phenomenon provides valuable directions for further research. Future research can use more quantitative analysis methods, such as regression models or panel data analysis, to explore the causal relationship between higher education institutions and changes in the community's economic structure.

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