

SPECIAL ISSUE INTRODUCTION MULTIFAMILY HOUSING

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One of the first images that comes to mind when someone talks about the “American Dream” is a single-family house in the suburbs. Indeed, America is a nation of homeowners. In 2004 the rate of homeownership in the U.S. reached 69%; however, that number dropped to 68.1% by 2007 (Joint Center for Housing, 2007). Rapid increases in home values, low mortgage rates, and easy credit were being replaced with higher interest rates, lagging home sales, declining home prices, and an increasing number of foreclosures. Soon, consumer articles began appearing in newspapers and magazines about the benefits of renting.

Almost a third of the U.S. population lives in rental housing, and of those that rent, 44.7% live in multifamily housing with five or more apartments (U. S. Census Bureau, 2003). For the consumer, the advantages of renting include the flexibility to move, lower upfront costs, the opportunity to invest in financial endeavors other than housing, and the availability of services and amenities not commonly found in homeownership. For society, multifamily housing contributes less to urban sprawl, has less impact on the environment, and has the opportunity to increase the viability of downtowns.

We are grateful to the National Apartment Association Education Institute (NAAEI) for their sponsorship of this special issue on multifamily housing. NAAEI is the education and research arm of the National Apartment Association (NAA). NAA is a federation of nearly 200 state and local affiliates, comprised of more than 51,000 multifamily housing companies representing more than 6.3 million apartment homes throughout the U.S. and Canada. NAA’s mission is to serve the interests of multifamily housing owners, managers, developers, and suppliers as well as to maintain a high level of professionalism in the multifamily housing industry to better serve the rental housing needs of the public. This organization

has been a major force in the development of and support for the growing number of university-based residential property management educational programs.

In our lead article, *The Evolution of Residential Property Management: From Caretaker to Income Maximization Managers*, Goss and Campbell trace the fascinating history of the management of rental housing. The economic, demographic, social, and political changes that have impacted our nation since the 1700s point to the need for professional property managers to oversee today's investment real estate. No longer are property managers simply "rent collectors." Today's managers must be armed with a business savvy that includes a broad knowledge of finance, marketing, management, customer service, and real estate. This article will surely become a required reading for students in the growing number of university-based residential property management programs.

As more and more universities are considering the addition of residential property management to their housing programs, Carswell and Phillips lay the foundation for the key components of such a curriculum in *Assessing the Need: The Multifamily Housing Industry, the Universities, and the Next Generation of Property Managers*. Drawing upon survey results from students in an introductory residential property management course, the authors provide factors which may impact the students' interest in further education in this field. Then, drawing upon results from a survey administered to multifamily housing executives, course content ideas are proposed. This article, which includes a substantial reference list as well as numerous recommendations for further study, will also be valuable to existing and proposed educational programs in residential property management.

"Location, location, location" are the three most important aspects of housing. In *Location Preferences of Multifamily Housing Residents*, Lee, Beamish, and Goss contend that location is not only important to homeowners but to renters as well. Their research provides numerous recommendations for developers and marketing specialists of multifamily housing. In addition, because this study is the first of its kind, the authors provide several recommendations for further research on this topic.

James presents an original economic model of the apartment rental market in his article *An Economic Model of Asymmetric Information, Dissatisfaction, and Resident Turnover in Rented Multifamily Housing*. Using a "game theory" approach, he posits a competitive game between two property managers, wherein each manager can choose a high-visibility/low-service strategy (attracting prospective residents) or a low-visibility/high-service approach (retaining current residents). The model is applied to data from the American Housing Survey and the NAA's Survey of Income and Expenses in Rental Apartment Communities, suggesting that property managers devote more or less attention to resident retention depending on their selected strategy.

In *Determinants of Energy Saving Practices of Limited-Income Multifamily Housing Residents*, authors Lee and Emmel examine the perceived energy cost burdens, energy saving efforts, and interests in additional energy saving information of multifamily housing residents with limited incomes. This is an interesting issue given that residents of multifamily housing might not be billed separately for their energy usage and may have little choice in the selection of their household equipment. Recommendations are made for property owners to improve the dwelling units and for residents to learn more about energy saving behaviors. Given the current state of the economy and the depletion of energy-related resources, household energy issues of multifamily housing residents require further investigation.

Using an exceptionally large data set from an apartment ratings' Web site, authors James and Carswell analyze resident comments to uncover critical components of residential satisfaction. In *Home Sweet Apartment: A Text Analysis of Satisfaction and Dissatisfaction with Apartment Homes*, the authors reveal consistent themes in resident dissatisfaction, such as safety, sanitation, management, maintenance, and money. Because such issues may be outside the control of the resident, recommendations for apartment managers are provided to improve resident satisfaction, and therefore reduce expensive resident turnover.

In the article *The Community Networks Center and Social Support in Multifamily Low-Income Communities: A Case Study in Korea*, we see that the U.S. is not the only country conducting research on multifamily housing. Authors Kim and Lee examine a computer-based learning center located in a subsidized multifamily housing community in Korea. Based on survey results, the existence of this center provided residents with satisfaction that they were receiving social support. It also functioned as an educational center for the residents. The authors provide recommendations for an expansion of community networks centers.

The Low Income Housing Tax Credit (LIHTC) program was originally created by Congress as part of the Tax Reform Act of 1986. However, more than 20 years later there is little empirical evidence regarding its operation. Smith and Williamson, in their article *The Low Income Housing Tax Credit and Inner-City Revitalization*, unravel the complexities of this program. They specifically explore the program's ability to contribute to inner-city revitalization through the participation of community-based housing organizations, and make recommendations for enhancing the effectiveness of the LIHTC.

With mortgage foreclosures at an all time high, the "American Dream" has turned into the "American Nightmare" for many homeowners. It is anticipated that the number of apartment dwellers will continue to increase as these "renters by circumstance" seek other housing options. On the other hand, those individuals who can afford to own a home but instead choose to rent ("renters by choice")

will continue to do so, enjoying a lifestyle accompanied by less maintenance, less yard work, more amenities, and more services.

This special issue represents a collection of articles focusing on important issues in multifamily housing. However, there is much more to learn about apartments and the individuals who inhabit them, as well as the development of educational programs and curricula to meet the growing demand for professional property managers. One need only to glance at the topics presented at the recent NAA Education Conference to get a feel for the topics of interest to this industry: environmental issues, technology, human resources, customer service, fair housing, specialty housing, and many more.

References

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