

RENTAL HOUSING FOR STUDENTS: A CASE STUDY OF KOTA, INDIA

Anshul Agarwal¹ & Madhu Bharti²

¹Research Scholar, Urban Housing Professional, India

²Professor at CEPT University, Ahmedabad, India

ABSTRACT

The mid-size city of Kota, Rajasthan in India has emerged as an important coaching centre for students aspiring to join the elite Indian academic institutions for medical and engineering studies. Every year lakhs of students congregate here and make it their home for two to four years, while they put themselves to the daily academic grind in an extremely competitive environment. Mushrooming of coaching centres with negligible residential facility compels the young students to make difficult rental choices from the open market to match their paying capacity. The influx of students in Kota has paced the city's growth from moderate to fast developing city. The city has evolved and changed its economic growth pattern from the industrial base to educational service sector. This paper looks at the impact the coaching centres have on the dynamics of rental housing market in Kota. The paper is based on empirical evidence from the city.

KEYWORDS: *Rental Housing, Student Rental Housing, Residential Choice, Rental Preferences and Behaviour*

Article History

Received: 26 Jan 2021 | Revised: 13 May 2021 | Accepted: 20 May 2021

INTRODUCTION

Rental housing is often seen as an option by individuals who do not want to be engaged in maintenances and other responsibilities that come with ownership and also by those who have limited choice due to affordability and likely mobility. A large number of India's population resides as tenants, in the Country. With 28% of India's population is within the age group of 0-14 years, education sector is now seen as one of the fastest growing industries. The country has more than one and half million schools with an enrolment of 260 million students. It is also estimated that the country's education sector is about to reach US\$ 101.1 billion by 2019 from US\$ 91.7 billion in 2018. India has the world's largest population of about 500 million in the age bracket of 5-24 years and this provides a great opportunity for the education sector. (IBEF, 2020)

Currently, in India many cities like Kota, Gwalior, Pune, Ahmedabad, Bangalore, Jaipur, Chennai, Indore, Kolkata and Bhopal have become the educational hubs, with students coming in from all over India for specialized coaching (Magazine, 2016). These students stay for over a period of two to four years in pursuit of their academic dreams and fuel the demand for student rental housing in such towns.

In early 60's Kota was developed as an industrial town and was known by leading industries like DCM, Shiram Rayons and Samcor glass factory. But now the city economy is dependent on the coaching centres and other ancillary services that are provided for the incoming students. According to an article published, sourcing the official website of

Kota, the city has 130 coaching institutes (Mishra, 2017). As per India Today (April 6th, 2017), the coaching industry is estimated at Rs. 1500 Crores (approximate 198 Mn USD¹) (Desk, 2017) with potential to increase at a rate of 15% every year. Influx of large student population has led to spatial spread of the city and a booming student rental housing market. Similar situation is seen in other cities too as the accommodation provided by educational institutions is short of requirement. Most students find accommodation in informal arrangements.

A study of students rental housing market in Kota is of significance as the results can be used for policy directions at the state and city level, specifically for rental housing for students.

AIM & METHODOLOGY

The aim of the paper is to study the issues and challenges of 'Student Rental Housing Market in Kota town' from user's perspective and identify factors that influence student's choice of rental accommodation. The paper proposes to suggest interventions for development of affordable rental housing for students.

In order to understand the student rental housing market, three micro-areas across the city that have concentration of student accommodation were selected, this selection was based on difference in their stage and time of development within the city. First and the second area, Talwandi and Rajiv Gandhi Nagar respectively are among the developed sites with all the services available in vicinity. The third, Landmark City is around 10 km away from the core city and is a recently developed area.

Further, to understand the user preference a primary survey of 91 students through a close ended questionnaire was conducted in the three locations. The trends are then finally compared with the timeline, growth, and preference level in order to understand the result.

REVIEW OF LITERATURE

Researchers have concluded that establishment of an educational centre attracts huge influx of students which leads to an increase in house demand. The effects can be both positive and negative. (Akinyode Babatunde Femia, 2015) The height of such an influence depends upon magnitude and nature of the project depending upon how big it is and how many students it attracts. According to (Mira G. Baron, 2011), various institutions and universities are established such that their existence attracts students from different parts of the world. The existence of Haifa University in Israel is one such an example, where students at the Haifa University prefer to live in private rental sector and led to development of two neighbourhoods viz. Neve Shaanam and Ahuza, where a large student population resides. Short supplies of housing and decisions made by the landlords are usually seen to be the two major factors that contribute to the increase in house rental value in a city. (Akinyode Babatunde Femia, 2015) .

Thomsen (2007) has argued that architectural aspects and aesthetics of the physical environment are as important for defining residential satisfaction as location, housing type, and social and economic aspects (Thomsen, 2007).

Empirical data indicates that the most important variables for student residential satisfaction were, first, the type of tenancy/ownership; second, the quality of different housing characteristics; and third, the location. (Eikemo, 2010)

¹ 1 USD = 75.41 INR (dated July 14th, 2020)

In countries like US, UK and Australia, student housing industry is dominated by organized players.(Mayank Garg, 2014) In the Indian context we find the student housing industry is local and informal in nature. The Draft National Urban Rental Housing Policy in India (MoHUA, 2015) does not see student rental housing as a separate asset class and makes no specific mention of such requirement. However, some governments like the Irish government introduced tax incentives to encourage private investment and development in urban areas, with a particular scheme aimed at student accommodation. (Kenna, 2011). A long and steady Swedish housing policy with high state subsidies have contributed towards development of housing for the youth. Housing, as with education - especially as regards young people - has been regarded as one's right, based on one's own needs and preferences. (Mats Lieberg & Forsberg & Sine McDonald, 1999). In France, the state supports the students through CAF- *Longement Etudiants* by providing student housing aid.

In India, the preferences of students relate to issues of safety, affordability, infrastructure, location/transportation, where students have to maintain a strategic balance between rental costs, daily transportation costs and personal convenience (Mayank Garg, 2014)

However, it is also clear that decision-making for selection of accommodation is a complex process and involves tradeoffs between distance and other housing attributes (Andrey, 2006).

The student housing space in India saw \$100 million of investment in 2018(Frank, 2019).According to Jain (2020)while there is scope for further foreign investment in student housing in India, there are several challenges that a developer and/or operator would have to overcome(Jain, 2020).

In cities like Kota, India that have a large number of young students population (less than 18 years old) such complex decisions about rent, location, amenities and other housing attributes are made by students effecting the demand of the 'housing stock' in the city.

STUDY AREA PROFILE: KOTA CITY

Kota city is in the state of Rajasthan, around 250 KM away to the south of the state capital, Jaipur. The city is on the banks of Chambal River, with a population of 10,01,365, according to census 2011. The municipal area of the city is 221 Sq. km., which holds around 2,20,000 households, thus making it 4500 people per Sq. km.

Kota is now synonymous with coaching institutes for elite Indian institutions of engineering, medicine and others; the government website lists 130 institutes. Every year the influx of students coming to Kota for coaching is increasing phenomenally. Typically, a student comes to Kota immediately after clearing his class X exams and spends two to three years to study for clearance of entrance examination to an elite institution. In recent years a new trend has emerged, and Kota is attracting a lot of younger students, studying in Class VII, VIII, IX and X to prepare for the entrance examination (Desk, 2017) thus, further increases the demand for student rental housing in the town.

RESULTS & DISCUSSION

Kota has seen an evolution from industrial to education sector, a lot of students (estimated as 2 lakhs by India Today dated April 6th, 2017, migrate to the city from different parts of the country every year. The local housing market has responded by providing multiple housing options for students. Initially residents started offered paying guest accommodation (a separate /shared room embedded within a family home), students had limited options and hence 'paying guest accommodation' held a monopoly in the student rental housing sector. Attracted by easy additional income, many homes

added a room or sub-divided a larger room to make space for 'paying-guests'. By 2004 as the city started getting large influx of students and the family homes were no longer able to accommodate more 'paying guests', the market responded and the investors stepped in by providing mass students housing options in the form of 'hostels'. Most of the hostels have come up near the coaching institutions where there is a captive market available. These hostels were equipped with additional amenities for food, coffee-shops, cyber-café, shopping complex, stationary shops, cinema halls, hotels and restaurants.

Kota is witnessing a change in the housing stock typology with new one/two room apartments coming up for the need of students accompanied by guardian/ family member, who don't find 'hostels' as viable option.

According to Urban Improvement Trust (Development Authority) of Kota, there were 1080 hostels in the city (Kota, 2017). On an average, every hostel is observed to have around forty rooms which clearly show that there would be around 80 beds in every hostel. This further concludes that there are approximately 80,000-90,000 students who live in hostels and there are others who accommodate themselves as paying guests with families. Hostels due to the amenities provided, location and safety this typology is priced as a premium product with rents being 3-4times the rent in a 'paying guest' accommodation (Agarwal, 2017).

The student rental housing market is now directing the growth of the city, as land and building investors are collaborating with coaching centres leading to new development on the periphery of the city. These large projects spread on hectares and acres are major drivers of growth in the city. Some of the coaching institutions also provide exclusive accommodation only for 'topper' students having special facilities. Large and established institutes have an active Student Welfare Society that deals with problems related to rental accommodation for the new students, harassment of students by anyone or other such issues.

Preferences

This section puts forward the preferences of the students from the survey, the parameters were rent, location, accessibility, occupancy, furnishings, quality of living space, security, leisure (nearness to gardens, shopping mall and others). The results of the survey are reported here.

From the survey it was found that the students staying in 'hostels' and 'paying guests' are equally divided (51% students are living in 'hostels' and 49% in 'paying guest'). The students were surveyed regarding current residential arrangements and aspiration, it came to our notice that 20% of the students living in 'hostel' prefer living in 'paying guest' and 1% of the students living in 'paying guest' are willing to shift to hostel. This is since 'paying guest' accommodation is cheaper, though limited in number. When the students living in 'hostels' were surveyed, it turned out that 20% of these students prioritized location to be more important over the rent as 'hostels' are much closer to the coaching centres compared to the paying guest accommodations. These students prefer to pay more for the location rather than paying lower rent and staying at 2-3 km away from coaching centres.

It was observed that 48% of the students currently living in 'paying guest' and 29% of the students living in 'hostels' want to continue the arrangement. Evidently 'paying guest' kind of accommodation is the preferred option. This may be due to the fact 'paying guest accommodation is cheaper' and more personal association with the host family. The young students are looking for a balance between the rental cost and location, which is complex exercise in a city with limited student rental housing options.

Students revealed that the location and the rent factor are the two important factors for making residential choice decision, as 41% of the students believe that their first priority is rent over any other thing whereas 38% of students prefer location. Other factors like accessibility to open spaces, parks and shopping malls are least important.

Occupancy per room is an important factor for students, as 88% of the respondents prefer an independent room, though currently they may be sharing with at least one more individual. Students currently living in double sharing do not prefer to continue in the same type. It was observed that the students tend to compromise on occupancy if their rental affordability is low, but they want to stay nearer to the coaching centres to commute easily.

Accessibility is an important factor but may not be the deciding factor in a city like Kota as distances to several places such as coaching institute, school, parks and shopping mall for leisure purposes are within 2-3 kilometres. Most students walk and cycle to the coaching centres and other places.

Surprisingly, factors such as furnishings, security were not found to be important while as quality of living space was important only for 13% of students, evidently students are willing to compromise on these factors as compared to the location and rental value. Around 33% of the students neglect security and 50% neglect gardens and open spaces, maybe due to the fact that Kota is perceived to be a safe city having number of open spaces and parks within the neighbourhoods.

The study clearly shows that 43% of the students prefer affordable rental value to be the first priority. The second priority is the location factor as 32% the students want to spend least time in travel and use that time in pursuing their goal. The students specified that though, the distance from other places such as restaurants, coffee shops and shopping malls is relevant but not really a deciding factor.

Issues for Student Rental Housing

The city faces lack of supply for 'student rental housing', with an affordable rent in a location which is nearer to the coaching centres. Even if the students happen to get one of the desired accommodations in terms of location, they get that by paying higher rents. If a student gets accommodated in a 'paying guest', he/she manages to pay lower rent but stays at a distance of about 2-3kms from the centre.

Other than the issue from the suppliers, it has been mentioned by the students that the landlords do not maintain the property once rented. Non maintenance of drainage and sewerage causes health issues for students.

The landlords in 'paying guest' and the 'hostel' owners ask for an additional one month rent in advance as a deposit, which maybe fortified in case of dispute. Some-times, the owners do not repay the deposit as there is no legal agreement as the student rental housing market operates informally. Lack of legal rental agreements puts the students in a vulnerable position as the landlord may ask them to vacate if he gets a higher rent from other source.

Complaints from neighbours and other residents are common as students often are noisy and loud. Such behaviour can lead to quick eviction from the rental accommodation.

CONCLUSIONS AND RECOMMENDATIONS

Through this research there is an attempt to understand the market dynamics of student rental housing in the city. The development of coaching centres and increasing number of students has fuelled the demand for student rental housing. The informal market has responded and provided multiple options for student rental housing at many locations. The city has spread in different locations and the housing stock has increased either as 'hostels' or 'paying guest' or for providing other

supporting services for students. Many of these ‘hostels’ are overcrowded without any concern to safety, health and hygiene of the students. The coaching sector has developed various areas of Kota city, like Jawahar Nagar, Talwandi and the Landmark City which earlier had low residential development. Similarly, Kunahri has more seen development due to dominance of the coaching centres. To cater to the student population, Kota now has got services which were not present few decades back. The services and goods demanded by students have led to development of new suppliers and retail markets.

RECOMMENDATIONS

The student rental housing market needs to be recognized and regulated so that quality, safe and affordable rental housing is available for the students. The urban local body needs to work with the coaching centres and landlords so that the young students get better living space. Local/ state government need to partner with private sector and provide safe, decent and affordable housing for students living in Kota.

- The ULB can initiate government housing for students and can assist the students, migrating to the city for coaching by providing rental accommodation at affordable cost. Most of the students attending coaching class are less than 18 years of age, as a society we need to be compassionate towards our young citizens and make the academic process as stress free as possible for them. The students in the coaching institutions in Kota are the ones who go to the elite academic institutions in the country and will soon be the leaders in various fields. As a country we need to nurture these young minds.
- Residential community can be established at a smaller scale in different locations of Kota city, thus providing students multiple options. This can be taken up as public-private partnership, where the land can be provided by local body on long term lease/ either at a lower cost or for free and the rents can be subsidized. The coaching institutions can be engaged as an important stakeholder. The development of such a society can either be taken up as the Government’s initiative or by the group of developers with different stakes in the project.
- Another initiative could be, where the authorities or a start-up could be formulated which can list the location of private housing being offered to students by the localities. It guarantees an affordable rent and a decent housing to students whereas the owners get a rebate on the property tax. Such property owners may be allowed to build extra one /two rooms which they can give for ‘student rental housing’. The students will be ensured of decent accommodation and the owners will build their asset.
- The local government can recognize several paying guest and hostels under a scheme, so that the accommodation is offered at affordable cost, and such for property owners’ subsidy is provided for utilities.

REFERENCES

1. Agarwal, A. (2017). *Market Dynamics of Rental Housing for Students- Case Study of Kota*. Ahmedabad: Unpublished students dissertation, CEPT University.
2. Akinyode Babatunde Femia, 2. T. (2015). *Impact of tertiary institutions on house rental value in developing city*. *Science Direct (Procedia - Social and Behavioral Science)*, 323-330.
3. Alleviation, M. o. (2015). *National Urban Rental Housing Policy*. Government of India.

4. Andrey, L. C. (2006). *Characteristics of University Student Housing and Implications for Urban Development in Mid-sized Cities*, Pamela Charbonneau. *Canadian Journal of Urban Research*.
5. Bhaskar, D. (2015). *Shubham Group*. Retrieved from <http://www.shubhamgroup.info/media.php>.
6. Desk, I. T. (2017, April). *Kota becomes India's top coaching city with annual turnover of 1500 crore*. *India Today*.
7. Eikemo, J. T. (2010). *Aspects of student housing satisfaction: a quantitative study*. *Journal of Housing & the Built Environment*, 273-293.
8. Foundation, I. B. (2015). *UGC Annual Report. Centre for Budget and Governance Accountability*.
9. Frank, K. (2019). *Global Student Property Report*. Knight Frank.
10. Frierson, J. S. (2005). *How are local governments responding to student rental problems in US and Canada? Georgia: University of Georgia school of Law*.
11. Agarwal, A. (2017). *Market Dynamics of Rental Housing for Students- Case Study of Kota*. Ahmedabad: Unpublished students dissertation, CEPT University.
12. Akinyode Babatunde Femia, 2. T. (2015). *Impact of tertiary institutions on house rental value in developing city*. *Science Direct (Procedia - Social and Behavioral Science)*, 323-330.
13. Alleviation, M. o. (2015). *National Urban Rental Housing Policy*. Government of India.
14. Andrey, L. C. (2006). *Characteristics of University Student Housing and Implications for Urban Development in Mid-sized Cities*, Pamela Charbonneau. *Canadian Journal of Urban Research*.
15. Bhaskar, D. (2015). *Shubham Group*. Retrieved from <http://www.shubhamgroup.info/media.php>.
16. Desk, I. T. (2017, April). *Kota becomes India's top coaching city with annual turnover of 1500 crore*. *India Today*.
17. Eikemo, J. T. (2010). *Aspects of student housing satisfaction: a quantitative study*. *Journal of Housing & the Built Environment*, 273-293.
18. Foundation, I. B. (2015). *UGC Annual Report. Centre for Budget and Governance Accountability*.
19. Frank, K. (2019). *Global Student Property Report*. Knight Frank.
20. Frierson, J. S. (2005). *How are local governments responding to student rental problems in US and Canada? Georgia: University of Georgia school of Law*.
21. <http://travelindia-guide.com/>. (n.d.). Retrieved from *Travel-India Guide: Source: http://www.travelindia-guide.com/rajasthan_details.php*
22. IBEF. (2020, June Tuesday). *IBEF.Org*. Retrieved July 2020
23. Jain, S. (2020). *Student Housing in India- Challenges and the way forward*. Cornell.
24. Jiang, X. (2011). *Feasibility Study-Youth Rental Community in Beijing*. Sweden: Chalmers University of Technology.
25. Johansson, V. (2012). *Preferences on the Rental Housing Market*. University of Gothenburg.

26. Kenna, T. (2011). *Studentification in Ireland? Analyzing the impacts of students and student accommodation on Cork City. Irish Geography.*
27. Magazine, T. E. (2016). *The Economic Times Magazine.*
28. Malav, B. (2010). *Housing for Migrating Students.*
29. Mats Lieberg & Forsberg & Sine McDonald, L. &. (1999). *Youth Housing & Exclusion in Sweden. Commission of the European Communities: education, Training & Youth Directorate-General.*
30. Mayank Garg, K. G. (2014). *An empirical study on Market Research of organized students, Housing Industry in India. International Journal on ICT and Management, 143-154.*
31. Mira G. Baron, S. K. (2011). <http://www-sre.wu.ac.at/ersa/ersaconfs/ersa10/ERSA2010finalpaper204.pdf>.
32. Mishra, S. (2017). *Inside Kota's Rs 300 crore coaching industry: How students aiming to crack IIT-JEE join mushrooming institutes.*
33. Patrika, R. (2013). *Shubham Group. Retrieved from Shubham Group: <http://www.shubhamgroup.info/media.php>*
34. Paul N Balchin, J. L. (1977). *Urban Land Economics and Public Policy. Palgrave Macmillan UK.*
35. Thomsen, J. (2007). *Home Experiences in Student Housing: About Institutional Character and Temporary Homes. Journal of Youth Studies, 577-596.*
36. Yadav, M. L. (2016). *UIT Report. Kota: Urban Improvement Trust.*
37. Yadav, M. L. (2016). *Urban Improvement Trust. Kota: Urban Improvement Trust.*