

Stealth Dorms in Northfield Neighborhood Executive Summary

A severe problem has been developing in Central Austin neighborhoods related to housing that is primarily aimed at university students. Investors and developers have discovered a very profitable business model that involves demolishing existing housing stock and replacing it with large structures designed to house large numbers of unrelated adults. The houses are permitted as SF-3 structures, but they are clearly never actually intended for single-family use. Instead they are designed as Multi-Family residences with a Single-Family façade. Due to Austin's relaxed regulations regarding occupancy limits, and due to a lack of ability to enforce even those relaxed standards, these so-called "Stealth Dorms" are creating a burden on existing residents in neighborhoods. And arguably no neighborhood has a greater burden than Northfield due to the low cost of housing and the proximity to The University of Texas and other amenities in central Austin. Problems created by these Stealth Dorms include:

- Wide-spread noise disturbances
- Over-flowing trash and poor sanitation conditions
- Over-burdened sewage systems
- Traffic volume and parking problems
- Dangerous living conditions for residents
- Diminished home value for near-by neighbors

Existing solutions to this Stealth-Dorm problem (both recommended and tried) have not been effective in reducing the rate of development of these Stealth Dorms. Attempted or recommended solutions include:

- Code Enforcement
- Super-Two and McMansion Ordinance
- Parking Permits and other restrictive parking measures

We believe that this Stealth-Dorm problem must be addressed directly through clear and decisive regulation. We are campaigning to implement new City of Austin regulations that would:

- Give neighborhoods in Central Austin the option to decrease the occupancy limits placed on new construction from 6 to 4 unrelated adults (for all new structures permitted after the regulation is put in place).
- Institute a rental-registration system for all rental units (including Single-Family structures) in Austin.

While Northfield is a very "pro-density" neighborhood, we are adamantly opposed to this destructive approach to increasing residential density. We fully support increased numbers of Multi-Family units in central Austin, but insist on regulation to sharply curtail the development of future Stealth Dorms.

Stealth Dorms in Northfield Neighborhood

Most of the houses in the Northfield Neighborhood were built soon after World War II when soldiers were taking advantage of the opportunities to go to college through the G.I. Bill while at the same time starting families. This small, suburban neighborhood on the northern edge of Austin was eminently affordable—the down-payment for a lot was just ten dollars, and many lots sold for as little as \$150. The typical house that was built in Northfield after The War was a 2-bedroom, 1-bath, 800 square foot cottage. These small cottages were situated on surprisingly large, tree-covered lots, so the neighborhood became an ideal place to put up a white picket fence (or two or three) and raise a family.



Over the years, because of the placement of the runways at near-by Mueller Airport, Northfield came to be colloquially known as the "Flightpath." Noise from the airport was annoying to many, but as a consequence, Northfield remained a very affordable neighborhood for students, working-class families, and the elderly living on fixed incomes (many of whom were original owners of their homes who had lived here since the 1940s). While very conveniently located in Austin, the noise from jets flying overhead suppressed interest in investment and kept redevelopment of the housing stock to a minimum.

All of that changed abruptly in 1999 when Mueller Airport was closed. Almost overnight, speculators and investors began taking advantage of this nearly forgotten Central-Austin neighborhood. Some houses were revitalized, some received additions, but many were simply torn down so that a new, larger structure could be built. With the large yards, big trees, and fairly inexpensive property values (due to years of neglect), investors began buying, scraping, and building at an astonishing rate.

While there is nothing intrinsically wrong with scraping and rebuilding the housing stock in a neighborhood, a disturbing trend revealed itself almost immediately. Most of the new buildings that were constructed during this building boom were permitted under "Single Family" codes, but they were clearly never intended to be single-family dwellings. Investors and developers maximized the

floor space and bedroom count so that they could rent out rooms within the house individually. Investors also took advantage of charitable zoning regulations and built two structures on each lot. With large groups of students (and even non-students) willing to pay upwards of \$600 per bedroom, developers found they could pack money in their wallets by packing people like sardines into these "Stealth Dorms."



A typical cottage in Northfield...



replaced by a "Stealth Dorm."

These investors and developers were also delighted to find that the City of Austin was either unwilling or unable to enforce rules related to occupancy limits. In theory, on properties constructed after 2003 only 6 unrelated adults are allowed to live on the same SF-3-zoned lot. However in practice, zoning enforcement officers freely admit that they have no way of proving how many people are actually living in one dwelling, so the code passed in 2003 is completely feckless and unenforceable. A dozen people could be living together in one Stealth Dorm and code enforcement officers couldn't actually do anything about it.

Obviously, with large groups of unrelated adults living together on one Single-Family lot, problems begin to evolve. With so many unrelated adults living together, noise problems develop (and sometimes get completely out of hand with arguments and fights sporadically breaking out). Every person living in one of these Stealth Dorms has at least one car, which



creates a parking and traffic nightmare. They generate excessive trash, which overflows the small single-residence trash cans. They even overwhelm the sewage system at times. While true Multi-Family structures are designed under building codes to accommodate residential density, these Stealth Dorms are constructed under Single Family codes, which are woefully inadequate to that task.



These nuisances are deeply aggravating to neighbors, but of even greater concern is the lack of safety codes for residents living in the Stealth Dorms. Multi-family structures are built with safety in mind—fire-walls, sprinkler systems, and sufficient egress from the building keep the residents of the Multi-Family structure safe. The codes for Single-Family construction have no such safety features, creating a dreadful hazard for the people packed into these structures.

This "Rent-By-The-Room" business model is very profitable for the developers, but it creates an appalling burden on their neighbors. While developers and out-of-state investors have been making hundreds of thousands of dollars in profit from each Stealth Dorm, near-by neighbors have watched helplessly as their property resale value dropped (while paradoxically their property taxes increased). With every new Stealth Dorm that was created, near-

by neighbors tried (sometimes in vain) to sell their house for a reasonable value. In most cases, the value of near-by properties drops sufficiently so that the developers and investors who created the problem in the first place are able to snatch up even more bargain-priced properties to scrape and build even more Stealth Dorms.





This is what we call the "Domino Theory" of Stealth Dorm invasion.

Through this process, in Northfield, there are now clusters of these Stealth Dorms throughout the neighborhood. On any given street, first one Stealth Dorm was built, and within a year, several more were built on adjacent properties. If one Stealth Dorm creates noise, parking, traffic,

trash, and sewage problems, it is easy to see how dismal life can become for neighbors when 4 or 5 more are built in close proximity. Case in point, in just the past year, 4 very large 6-bedroom structures were built on the 300 block of Zennia. That means 24 more people adding to the burden of traffic, parking, trash, and sewage. A multi-family development would be designed to handle this growth, but this cluster of single-family Stealth Dorms is not.

Stealth Dorms have reached epidemic proportions in Northfield. While Stealth Dorms exist in other neighborhoods, they seem to be a much greater problem in this neighborhood (probably because of history and geography). Northfield residents are desperate to take aggressive action to discourage the development of more Stealth Dorms. Actions that have been taken in the past that many people believed would mitigate the problem of Stealth Dorms actually did nothing to abate the growth of these nuisance neighbors:



Code Enforcement: As has been stated, code-enforcement officers have repeatedly told Northfield neighbors that they cannot really enforce occupancy limits. They have no tools at their disposal to check or verify the occupancy status of people in the structures. And calling code enforcement or A.P.D. to address

problems with parking, trash, noise, or sewage only temporarily alleviates that one symptom—the underlying problem cannot be addressed this way.

Super-Two and McMansion Ordinances: In recent years, Austin has adopted new building ordinances designed to scale down the mass of structures constructed on Single-Family lots (Super-Two Ordinance in 2003; McMansion Ordinance in 2006 & 2008). While these ordinances were welcome (and were heartily supported by Northfield residents), they did nothing to alleviate the existing Stealth Dorm problems, and they did not curtail in any way the development of additional Stealth Dorms (other than restricting their mass).

Actions that could be taken given existing codes and regulations are also unlikely to reduce the rate of development of these Stealth Dorms:

Parking Permits: The City of Austin does offer a parking permit program for neighborhoods who are having severe parking problems. However, the math does not add up for this particular situation. The City will give 4 on-street parking permits to each residence structure—if there are two residence structures on a property, then residents would receive a total of 8 parking permits. When added to the 4 to 6 off-street parking spaces usually provided with these Stealth Dorms, then easily 12 to 16 cars could legally park at each residence. And again, while this may be mildly annoying to residents living at existing Stealth Dorms, it does nothing to discourage the development of future Stealth Dorms.

One-Side Parking: Similarly, the City of Austin under certain conditions will restrict parking on residential streets to one side of the street. When narrow residential streets are so over-burdened with parking and traffic that potentially hazardous conditions are created for emergency vehicles needing to move efficiently, then the City can eliminate parking on one side of the street. However, we believe this would simply add to the burden for near-by neighbors who would only have more difficulty finding on-street parking near their homes. Furthermore, this is another solution aimed at the existing problems created by existing Stealth Dorms, and does not serve to discourage the development of future Stealth Dorm construction.

While none of these actions have or would have reduced the rate of development of Stealth Dorms in Northfield, we are certain that there are initiatives that could be undertaken by the City of Austin which would make the Rent-By-The-Room business model much less attractive to speculative investors:

Revised Occupancy Limits: We believe it is time to revise the City of Austin regulations related to occupancy limits. The current regulations encourage investors to build structures to accommodate 6 unrelated adults, plus extra space for visitors and related adults. This, of course, leads to the problems we are experiencing in Northfield. Instead, we believe that neighborhoods in close proximity to the University of Texas should be allowed to "opt in" to stricter regulations which would allow no more than 4 unrelated adults to reside on one SF-3-zoned lot. These regulations would stipulate that, if there is only one structure on the property, 4 unrelated adults may reside in that structure legally. If there is a primary and secondary structure, or if there is a duplex on the lot, 2 unrelated adults may reside in each unit.

We propose a neighborhood "opt-in" strategy for this initiative to allow different neighborhoods the flexibility to implement regulations that support their desired quality of life. If residents in a

neighborhood place a high value on keeping housing affordable, and they believe that more affordable housing is generated when 6 unrelated adults cohabitate, then they should be able to keep the existing regulations. But for neighborhoods near The University such as Northfield (where these new Stealth Dorms are actually considerably less affordable than existing housing stock), we believe it is vital to



institute more restrictive occupancy limits, allowing no more than 4 unrelated adults on one Single-Family-Zoned lot.

Expanded Rental Registration Program: To give Code Enforcement and the A.P.D. the tools they need to enforce occupancy regulations, we strongly urge the City of Austin to adopt what is commonly known as "The Fort Worth Plan" for rental registration. In Fort Worth, a registration program was implemented compelling landlords of dwellings with 8 or more units

to register their tenants with the city. The program was so successful, Fort Worth quickly moved to expand the program to include all rental units in the city (including single-family residences). The registration program in Fort Worth (and code enforcement) is funded by an affordable registration fee, and the program generates nearly \$200,000 in annual revenue for the city (after all expenses associated with the program are deducted).

Other sizeable Texas cities with similar rental registration programs include Arlington, Carrollton, Dallas, Garland, Grand Prairie, Irving, Mesquite, and Plano. We believe that Austin should be on this list as well.

These two initiatives are long overdue. In 2006, the "McMansion Task Force" was also charged with making recommendations about occupancy limits, and they were unable to make progress on that front. They recommended that another task force be formed to examine the issue, but no such task force was ever created. Instead, the City began working toward a rental registration program (like the one described above), but so far has not considered extending that program to include Single-Family-zoned structures. We believe that exempting Single-Family-zoned structures is an enormous mistake.

We are largely resigned to the fact that the structures that have already been built in our neighborhood are permanent fixtures. Changes in regulations will not affect them. We are even willing to "grandfather" the structures that already exist to allow for the more generous, current occupancy limits. But for all new construction and substantial reconstruction permitted in the future, we would like the option of more restrictive occupancy limits.



In closing, it should be noted that Northfield is an unusual neighborhood in that most of us actually welcome and encourage residential density. We understand fully that Austin is a growing city, and that urban infill is critically important to minimize sprawl, decrease pollution, lighten the burden on infrastructure, decrease our tax burden, and generally enhance our quality of life.

However, Stealth Dorms are not a reasonable model of urban densification. We believe emphatically that Single-Family zoning and building regulations should be reserved for true Single-Family homes, and that Multi-Family zoning and building regulations should dictate the type and quality of urban infill development that we all know is much needed in Austin.



Additional Reading:

Report Regarding Occupancy Issues in Single-Family Zoned Areas created by the Single Family Regulations Task Force:

<http://www.ancweb.org/docs/Report%20on%20Occupancy%20Final%20070131.pdf>

A Power Point presentation describing the Fort Worth Rental Registration Program:

<http://www.fwlina.org/Import%20Folder/Rental%20Registration%20FWLNA%20Presentation%20110106.ppt>

KXAN News Article about Stealth Dorms in Austin

<http://www.kxan.com/dpp/news/local/%22stealth-dorms%22-grow-in-number>