

# *INTRODUCTION*

The purpose of this rental study is to:

- 1) examine the cost of rental housing in St. Louis Park;
- 2) compare rent and vacancy trends from year to year; and
- 3) determine rent reasonableness of proposed leases and contracts within the Section 8 Housing Choice Voucher Program – a rental assistance program administered by the St. Louis Park Housing Authority (SLPHA).

Rent reasonableness must be determined on a continuing basis for participants in the SLPHA Section 8 Housing Choice Voucher rental assistance program and the requirements for recertification and lease approval. In addition, the requirements of the Section 8 program state that the SLPHA should have an overall knowledge of the rental market within its jurisdiction. This report is intended to satisfy these requirements.





***HOUSING STOCK***

***GENERAL***

The City's housing stock continues to grow but at a considerably slower rate since the mid-1980s. Correspondingly, the City's population also continues to grow at a slow rate. The April 1, 2010 census population for SLP was 45,250. The number of persons per dwelling unit, which decreased significantly during the 1970s and 1980s, appears to be stabilizing. The number of persons per dwelling unit in St. Louis Park decreased from 3.5 in 1960 to 2.05 in 2010, similar to the national trend.

Despite the downturn in the housing market, St. Louis Park's housing markets remain relatively strong in comparison to many other communities because of:

- 1) the City's favorable location in the metropolitan area;
- 2) the formation of new households;
- 3) the City's continued growth as an employment center; and
- 4) the quality of the housing stock.

***HOUSING STOCK***

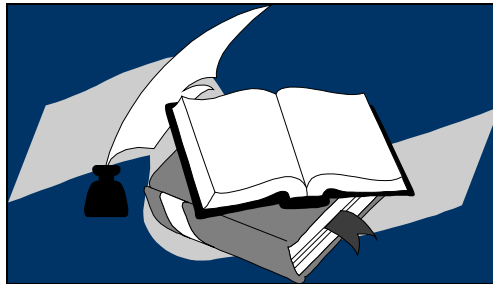
	<u>Number of Units</u>	<u>Percent</u>
Single Family	11,606	51%
Duplex	424	2%
Townhouse/Condos	3,332	14.5%
Multiple Family	7,432	32%
COOPs	121	.5%
<b>Total</b>	<b>22,915</b>	<b>100%</b>

## *ABOUT THE SURVEY*

This rental study report is the 32nd in a series of reports on rental dwellings in St. Louis Park. These studies began in 1978 and have been updated annually. This report is based on the rental data as of December 1, 2010.

The Multiple Family Data section of this report was completed by surveying all multiple dwelling property owners in St. Louis Park. The survey requests information regarding vacancies and monthly rent.

The section of the report titled Other Rental Data is completed by sending a survey to all properties identified by the assessing department as non-homestead. Different surveys are sent to the various housing types (i.e. condominium, single family, etc.) The surveys returned are not necessarily the same properties from year to year. The survey results presented indicate market rental rates.



### *RESPONSE RATE*

The statistics presented reflect responses from 72% of the multiple family units and 62% of the buildings. It is not possible to establish a response rate for the other structure types since not all non-homestead properties are rentals, but a large sample is represented.

# ***MULTIPLE FAMILY DATA***

## ***COMPOSITION OF MULTIPLE FAMILY MARKET***

One and two bedroom apartments comprise over 91% of all multi-family rental units in the city. Efficiency apartments account for about 5% and three bedroom apartments comprise slightly more than 4% of the multi-family market. The multi-family housing market in St. Louis Park for medium and large sized families is limited.

## ***VACANCY RATES***

There have been recent indications that the market for rental units is beginning to improve. The vacancy rate for 2010 is 4.5%. A report issued by GVA Marquette Advisors of Minneapolis indicated that although renters remained bargain-hunters looking for the best deals, more were signing leases at the mid-point of 2010.

### ***VACANCY RATES 1980-2010\****

1980: 0.3%	1985: 1.45%	1990: 4.3%	1995: 1.6%	2000: 0.94%	2005: 5.8%
1981: 0.6%	1986: 1.96%	1991: 4.2%	1996: 0.7%	2001: 3.5%	2006: 2.6%
1982: 1.6%	1987: 3.6%	1992: 4.4%	1997: 2.1%	2002: 7.8%	2007: 2.1%
1983: 1.4%	1988: 5.6%	1993: 5.2%	1998: 0.5%	2003: 5.2%	2008: 3.3%
1984: 0.7%	1989: 4.95%	1994: 2.3%	1999: 0.3%	2004: 5.8%	2009: 8.0%
					<b>2010: 4.5%</b>

\*Vacancy rate for 2010 is based on information provided on returned surveys. Response rate reflects 72% of multi-family units surveyed and 24% of duplexes, single-family homes, condominiums and townhomes. It should be noted that not all non-homestead properties are rentals.

## ***RENTS***

The 2010 survey indicates that there has been a significant increase in the average multi-family rental rates for 0, 1, and 2 bedroom units from 2009, 3 bedroom rents have remained relatively flat. The overall weighted average rent for 2010 increased 19.4% from 2009. During that same period, the median rent amount increased 1.62%. The increase in the average rent is reflective of an increasingly stronger rental market and several high end rental projects in St. Louis Park that were not included in last year's survey. Although not as dramatic, the increase in the median indicator may be an indicator that the demand for higher priced luxury apartments is remaining stable.

Average (weighted) rent changes by bedroom size for 2010 were as follows:

Efficiency:	+10.5%
One Bedroom:	+16.2%
Two Bedrooms:	+29.0%
Three Bedrooms:	0.0%

\*Participation in the survey is strictly voluntary; the average and median rents are based solely on data submitted by rental properties participating in the survey. Participation varies from year to year.

## ***MULTIPLE FAMILY RENTS***

<b>BEDROOM SIZE</b>	<b>LOW</b>	<b>MEDIAN</b>	<b>WEIGHTED AVERAGE</b>	<b>HIGH</b>
<u>Efficiency</u>				
2010	350	570	651	1060
2009	350	550	589	895
<u>One Bedroom</u>				
2010	550	650	817	2165
2009	420	648	703	1005
<u>Two Bedroom</u>				
2010	635	780	1152	2583
2009	635	775	888	1388
<u>Three Bedroom</u>				
2010	785	1005	1141	1660
2009	755	1065	1142	1675
<u>OVERALL CHANGE</u>				
2010		745	949	
2009		733	795	
		+ 1.6%	+ 19.4%	

## *OTHER RENTAL DATA*

Rental units other than multiple family dwellings are a significant portion of the rental market. The City's housing market offers a variety of rental alternatives such as duplexes, townhouses, condominiums and single family houses. Most single family, duplex, and townhouse rents do not include utilities such as heat, electricity, hot water and sometimes water, sewer and trash. Condo rentals usually include all utilities except electricity and phone.

The following summaries indicate the rents for each housing type by bedroom size. The results are based on a sample of the existing market. It should be noted that the sample is not necessarily the same as the previous year, so the numbers present more of a snapshot than a scientific comparison from year to year.

### *SINGLE FAMILY RENTS*

<b>BEDROOM SIZE</b>	<b>LOW</b>	<b>MEDIAN</b>	<b>AVERAGE</b>	<b>HIGH</b>
<u>One Bedroom</u>				
2010	700	823	884	1350
2009	600	813	813	1025
<u>Two Bedroom</u>				
2010	500	1100	1001	1541
2009	500	1100	1080	1700
<u>Three Bedroom</u>				
2010	300	1295	1286	2250
2009	750	1300	1312	2180
<u>Four Bedroom</u>				
2010	1179	1500	1548	3200
2009	1100	1525	1564	2200
<u>Five Bedroom</u>				
2010	1650	1875	2100	3000
2009	846	1425	1690	3500
<u>Six Bedroom</u>				
2010	1000	1370	1370	1740

***DUPLEX RENTS***

<b>BEDROOM SIZE</b>	<b>LOW</b>	<b>MEDIAN</b>	<b>AVERAGE</b>	<b>HIGH</b>
<u>One Bedroom</u>				
2010	562	590	619	750
2009	539	660	721	940
<u>Two Bedroom</u>				
2010	400	950	939	1575
2009	500	985	954	1400
<u>Three Bedroom</u>				
2010	860	1249	1221	1800
2009	1035	1250	1279	1700
<u>Four Bedroom</u>				
2010	1095	1199	1198	1300
2009	1199	1233	1243	1300

***CONDOMINIUM RENTS***

<b>BEDROOM SIZE</b>	<b>LOW</b>	<b>MEDIAN</b>	<b>AVERAGE</b>	<b>HIGH</b>
<u>Zero Bedroom</u>				
2010	625	700	700	775
2009	625	750	717	775
<u>One Bedroom</u>				
2010	300	1188	1154	2120
2009	500	977	1022	1865
<u>Two Bedroom</u>				
2010	670	1345	1411	2290
2009	600	1395	1340	2250
<u>Three Bedroom</u>				
2010	900	1100	1033	1100
2009	1250	1250	1250	1250 (1 unit)
<u>Four Bedroom</u>				
2010	1700	1700	1700	1700 (1 unit)
2009	1700	1700	1700	1700 (1 unit)

## *TOWNHOUSE RENTS*

<b>BEDROOM SIZE</b>	<b>LOW</b>	<b>MEDIAN</b>	<b>AVERAGE</b>	<b>HIGH</b>
<u>One Bedroom</u>				
2010	850	850	850	850 (1 unit)
2009	800	850	850	900 (1 unit)
<u>Two Bedroom</u>				
2010	900	1163	1228	2000
2009	850	1100	1138	1750
<u>Three Bedroom</u>				
2010	900	1295	1228	1350
2009	1010	1213	1194	1375

## ***SECTION 8***

Under the Section 8 Housing Choice Program, the SLPHA administers 268 HUD allocated rental assistance vouchers. Voucher program participants choose private market units with rents that fit within the program Payment Standard limits and with owners who are willing to participate in the program. In St. Louis Park, the majority of owners with eligible rents participate.

### ***PAYMENT STANDARDS***

The Section 8 Housing Choice Voucher Program utilizes a Payment Standard, which reflects the cost of housing and utilities for this area. The Payment Standard is used to determine the maximum amount of rent subsidy paid by the SLPHA. Families have the option to choose a unit which exceeds the Payment Standard, and pay the extra rent, up to a maximum of 40% of their income.

### ***ST. LOUIS PARK PAYMENT STANDARDS***

<u>UNIT SIZE</u>	<u>PAYMENT STANDARD*</u>	<u>CITYWIDE WEIGHTED AVERAGE RENT</u>
Efficiency	619	652
One Bedroom	725	834
Two Bedroom	910	1191
Three Bedroom	1220	1193
Four Bedroom	1370	1519
Five Bedroom	1550	2100

\*Payment Standards are gross rents including the cost of any utilities to be paid by the tenant, as per the chart on the following page.

### ***PROJECT-BASED SECTION 8***

In 2000, the Housing Authority awarded 45 units of Project-Based Section 8 assistance. The units, which are part of the HA's regular Section 8 tenant-based voucher allocation, are located in three different multi-family rental developments.

<u>Project-Based Developments</u>	
Wayside House	20 units
Vail Place	7 units
Excelsior & Grand	18 units