



MEMORANDUM

DATE: September 27, 2019

TO: Breanne Rothstein, Economic Development & Housing Director

FROM: John T. Kinara & Sarah Abe - Economic Development & Housing Division

SUBJECT: Apartment Vacancy Survey Results for 2019

Introduction and Key Findings

The City of Brooklyn Park has surveyed all multifamily rental communities since 2011, asking about vacancy rates, tenant amenities, and rent amounts for different unit types. This year, staff sent the survey out to every apartment community and three fourths of the surveys were completed and returned. Key findings from completed surveys include:

1. Median vacancy rate reported was 2.2%, which is less than half of last year's rate of 5%.
2. The 2019 median rent was \$940 per month for one-bedroom units, an increase of 4.7% over last year. For 2-bedroom units it was \$1,132, a 5.8% increase over last year. Median rents for efficiency (studio) units were \$875, an increase of 14.2% from 2018. Median rents for three-bedroom units were \$1,444 in 2019 an increase of 11.5% over last year.
3. In the past three years, since 2016, the median rent for a one-bedroom apartment has increased 14%, from \$821.50 per month to \$940 per month. Median rent for a three-bedroom apartment has increased by 17% since 2016.
4. Median garage rents remained the same as 2018 at \$50 per month.

Results

Vacancy Rates

Vacancies in 2019 varied between 0% and 10%, with a median vacancy rate of 2.2%. This rate suggests a lower availability of apartments units in the community. The vacancy rates in 2018 were mainly higher due to major rehabilitation activities that were going on at the Fairways and Autumn Ridge apartments.

Median rent changes from 2018

Rent rates changed for all unit types between 2018 and 2019. Studio apartments increased the most at 14.2%, though this may in part be due to the higher number of respondents this year which included higher cost apartment communities. Rent for three-bedroom units had the second-highest increase at 11.5%. Two-bedroom units increased by 5.8% and one-bedroom unit rent increased by 4.7%.

Table 1: Brooklyn Park Rent changes and housing-secure income levels (2018 - 2019)

Type of unit	Median Rent in 2019	% change from 2018	Hourly wage needed to afford	Annual salary needed to afford
Studio	\$875	14.2%	\$16.83	\$35,000
1 bedroom	\$940	4.7%	\$18.08	\$37,600
2 bedrooms	\$1,132	5.8%	\$21.77	\$45,280
3 bedrooms	\$1,444	11.5%	\$27.77	\$57,760

These rental prices are not always affordable to families in Brooklyn Park. A widely-accepted rule of thumb for affordability is that households should not spend more than 30% of their income on housing costs. A studio apartment in Brooklyn Park requires an income nearly double the minimum wage (\$9.86) for a single-earner household working 40 hours per week, and average household size in Brooklyn Park is 2.9 people which often includes dependents who cannot work. Median income for renter households in Brooklyn Park is estimated to be \$34,802 annually, which is \$2,798 below the amount needed to live affordably in a one-bedroom apartment. To live affordably in a three-bedroom apartment, a family must have an annual household income nearly 1.7 times the median income of renter households in Brooklyn Park. These data shows an affordability gap in the city that has aggravated the cost burden for renters.

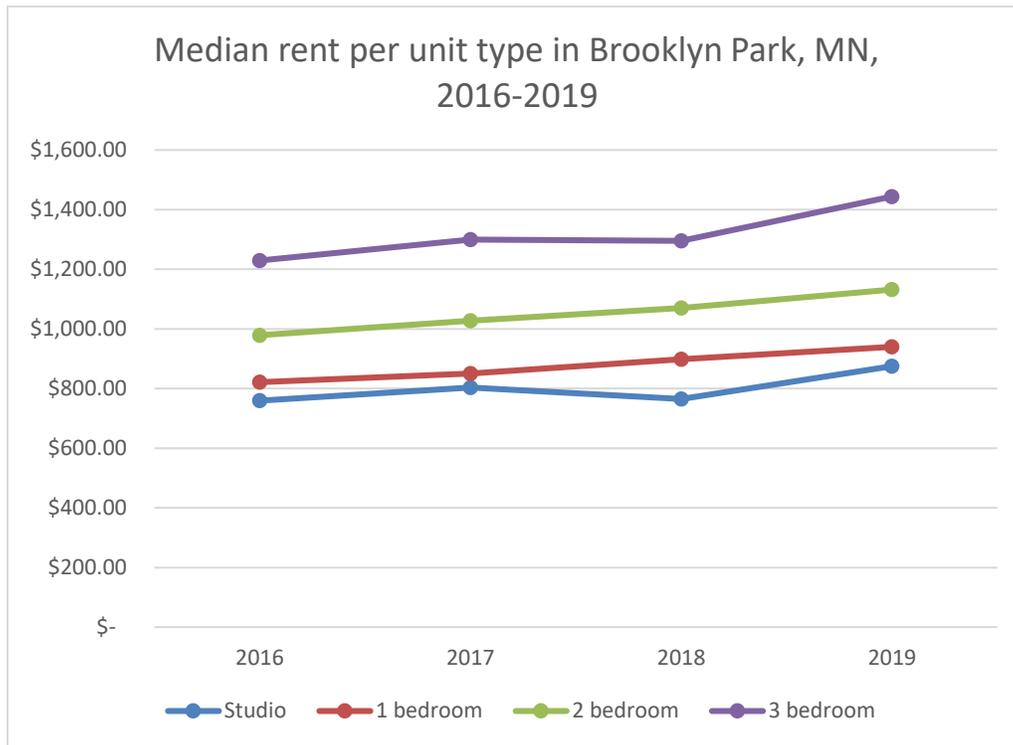
Median rent and changes from 2016 to 2019

Median rent prices are significantly higher than they were three years ago. Rent prices in three- and two-bedroom units have increased most over this time, reaching 17% and 16% increases respectively. Studio and two-bedroom units have increased less, at 15% and 14% respectively. These dollar amounts have not been adjusted for inflation. It is likely that these prices will continue to increase over time.

Table 2: Brooklyn Park Rent changes (2016 - 2019)

Type of unit	Median Rent in 2019	Median Rent in 2016	% change from 2016
Studio	\$875	\$759.50	15%
1 bedroom	\$940	\$821.50	14%
2 bedrooms	\$1,132	\$979	16%
3 bedrooms	\$1,444	\$1,229.50	17%

Figure 1: Price increases since 2016 (not adjusted for inflation)

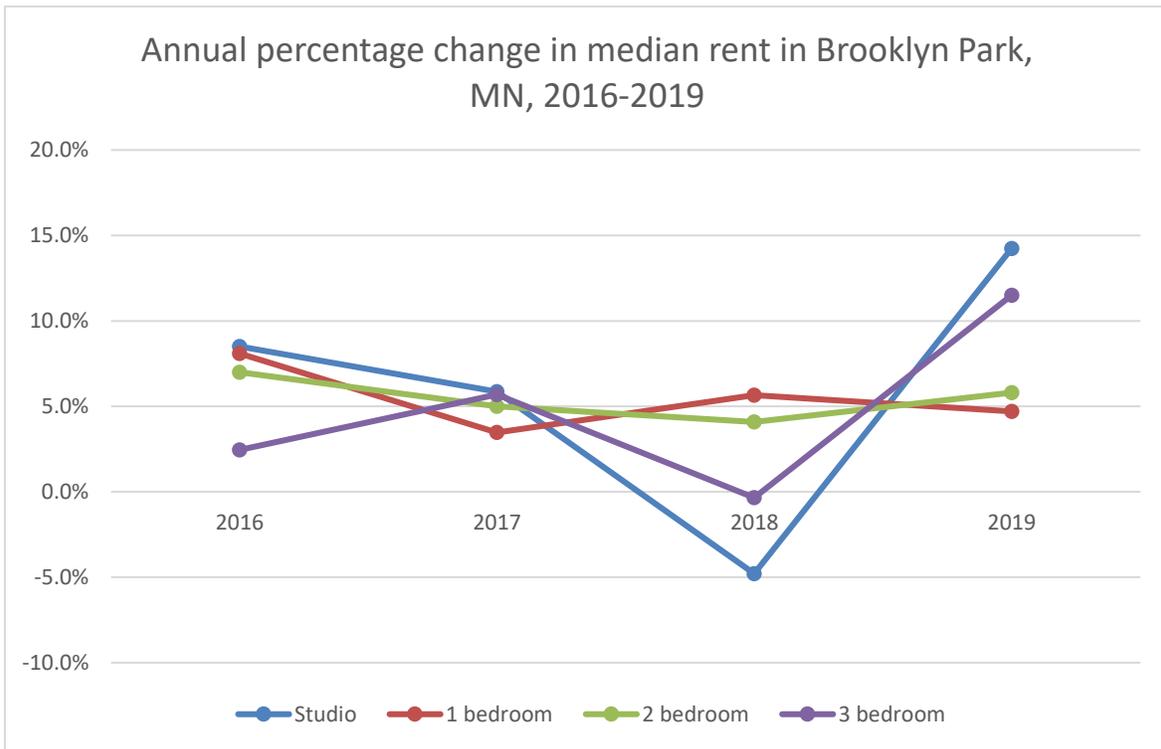


Context

The median household income for renters in Brooklyn Park was \$34,802, measured most recently in 2017. This annual income puts many Brooklyn Park residents just on the edge of being housing insecure or housing cost-burdened. One medical or financial emergency can put renters at risk of eviction due to unpaid rent, which is the most common reason for evictions in this City and in others. Racial disparities also come into play in this context, as the average income for White workers was \$80,205 while Black workers in the City made only \$39,959 on average in 2017 based on the data from American Community Survey.

According to Metropolitan Council data, most Brooklyn Park households experiencing housing cost burden earn less than 50 percent AMI (\$50,000 for a family of four in the Metro Region). By tenure, over a quarter of Brooklyn Park homeowners are cost burdened and over half of renter households are cost burdened. Approximately a quarter of renters are severely cost-burdened and spend more than 50 percent of their income on housing.

Figure 2: Percentage increases since 2016 (not adjusted for inflation)



Survey Methods and Response

Paper copies of surveys were sent to all apartment communities, and a second “reminder” survey via email was sent three weeks later to apartments who had not yet completed one. Approximately three fourths of the responses were received from the emailed survey, and less than a quarter were either returned by mail or faxed in. Those who did not respond after one month received follow-up notifications. A total of 28 apartment communities out of 36 communities surveyed returned a response, yielding a 77% response rate. These responses account for about 73% of apartment units in Brooklyn Park.