

SWLRT Corridor-wide Housing Inventory



Presented to: Southwest LRT Community Works Steering Committee

**Presented by: Maxfield Research Inc. (lead)
MFRA
Ehlers and Associates**

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SWLRT Corridor-wide Housing Inventory

Maxfield Research Inc. was tasked with providing a housing inventory as the first step in the overall strategy of the SWLRT Corridor Housing Strategy

All research in this study supports the housing inventory section of the overall strategy:

- Demographics
- Employment
- School Data
- Housing Characteristics
- For-Sale Real Estate Market
- Multifamily Rental Inventory
- Housing Programs
- City Policies
- Financing Tools



The CoO LIC grant covers the yellow highlighted tasks to the left and below. This strategy will be refined as the process continues.

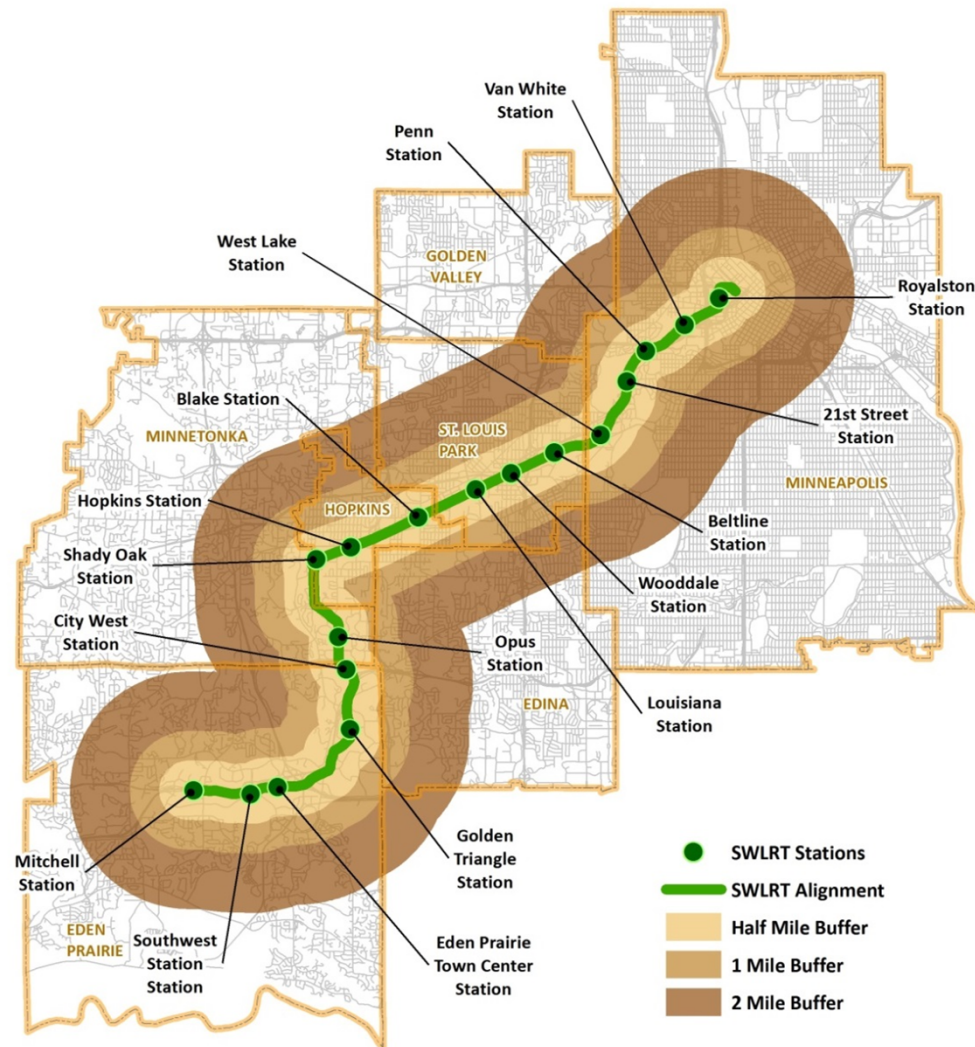


SWLRT Corridor-wide Housing Inventory

Each of the 17 stations along the SWLRT Corridor was analyzed individually for a variety of factors including

Stations by City

- Minneapolis – 5
- St. Louis Park – 3
- Hopkins – 3
- Minnetonka – 1
- Eden Prairie – 5





SWLRT Corridor-wide Housing Inventory

Demographic ½-mile highlights...

- Corridor accounts for 4% of Hennepin Co's population and 5% of households
- Corridor-wide growth 2000-2010: +15% (pop) & +16% (hhds)
- Slower growth rate in the short-term...likely to increase with TOD
- Blake Rd. has the highest pop. (5,395) | West Lake has the most hhds. (2,685)
- Younger demographic: 52% of pop under age 35 (25-34 large cohort)
- Population density highest at Blake Road Station
- Minorities account for about 27% of Corridor population
- Small household sizes (avg. 1.83) – high % of hhds. living alone & 2-person hhds.
- 54% of hhds. in Corridor influence area rent (vs. 36% rent in Hennepin Co.)
- \$50,580 median income in 2012 (\$33,650 @ Royalston to \$131,220 @ 21st St.)



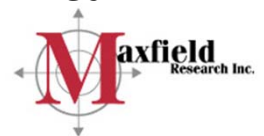
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Employment ½-mile highlights...

- 107,200 corridor-wide jobs | 13% of all Hennepin County & 7% of all Metro Area
- Higher wages & educational attainment than Metro Area avg.
 - 52% earn more than \$40,000/year vs. 47% in Metro Area
 - 31% with a bachelor's degree or higher vs. 28% in Metro Area
 - Opus station has highest earners (78% earn more than \$40,000/year)
- Royalston has the most jobs (10K+) | Louisiana & City West also significant (7K+)
- Fewest jobs near the Penn & 21st St. Stations (<500)
- Job net inflow/outflows mirror stations with highest concentration of jobs
- About 45% of station area residents work in Minneapolis...but 25% of station area workers live in Minneapolis

Employment 1-mile highlights...

- 243,400 corridor-wide jobs | 29% of all Hennepin County | 15.5% of all Metro Area





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Education Highlights...

Public School Districts:

- Enrollment: Minneapolis (31,750 students) | St. Louis Park (4,350 students)
- Minority students: Minneapolis (65%) | Minnetonka (11%)
- Free/reduced lunches: Minneapolis (64%) | Edina (9%)
- 4-year graduation rates: Minnetonka (95%) | Minneapolis (47%)
- Open enrollment somewhat consistent from district-to-district (between 9% and 15%)

Private and Charter Schools:

- 28 private schools with 7,900 students within 2-miles of transit stations
- Enrollment data not available for charter schools

Schools within ½-mile of stations...

- Public – 4
- Charter – 7
- Private – 10



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For-Sale highlights...

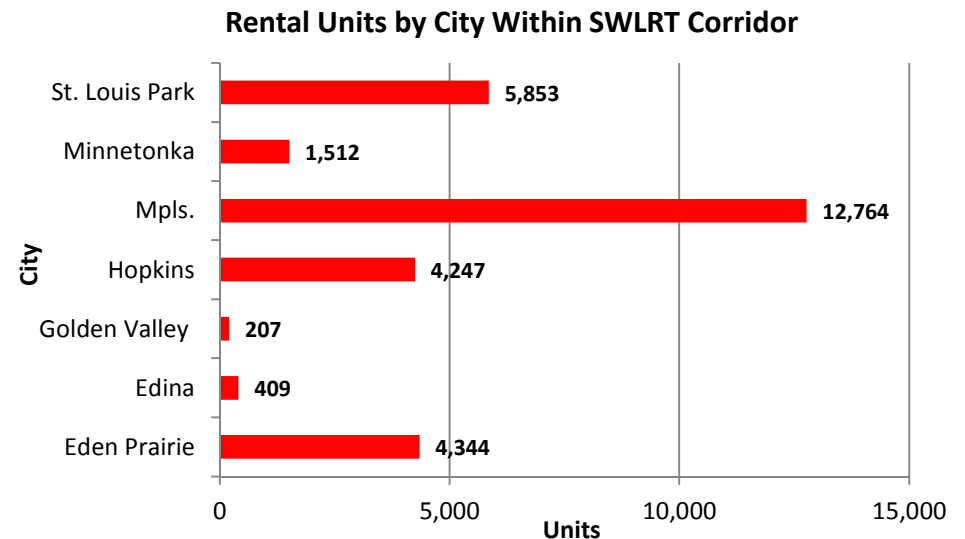
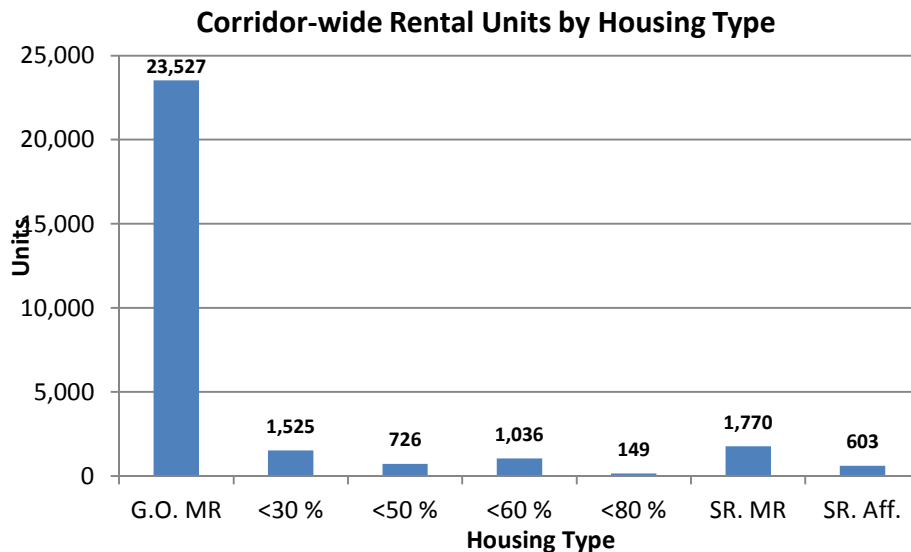
- Real estate activity mirrored the boom-to-bust cycle...but at a lesser degree
- Depressed pricing has leveled-off
- Between '05-'12, 1/2-mile corridor-wide median sales price -17% (\$270,700 | 3Q2012)
- Housing prices are highest at 21st St & Penn (\$380k+ | 3Q 2012) (Cedar Lake/Kenwood)
- Opus, SW Station, & Mitchell Rd <\$100k (3Q 2012) (concentration of Condos/TH's)
- Lender-mediated sales less prevalent than most Metro Area communities
- Lender-mediated sales however are significantly discounted (about 40% on average)
- ½-mile Corridor-wide median list price \$430K (4Q 2012) vs. \$199.9K in Metro Area



SWLRT Corridor-wide Housing Inventory

Housing Inventory highlights...

- 29,300 rental units | 401 properties
- 80% of units are general occupancy market rate | 11.7% affordable | 8.1% senior
- Minneapolis accounts for 43.5% of all units (12,764 units)
- Over 4,500 units in Minneapolis are closer to existing LRT stations than the SWLRT



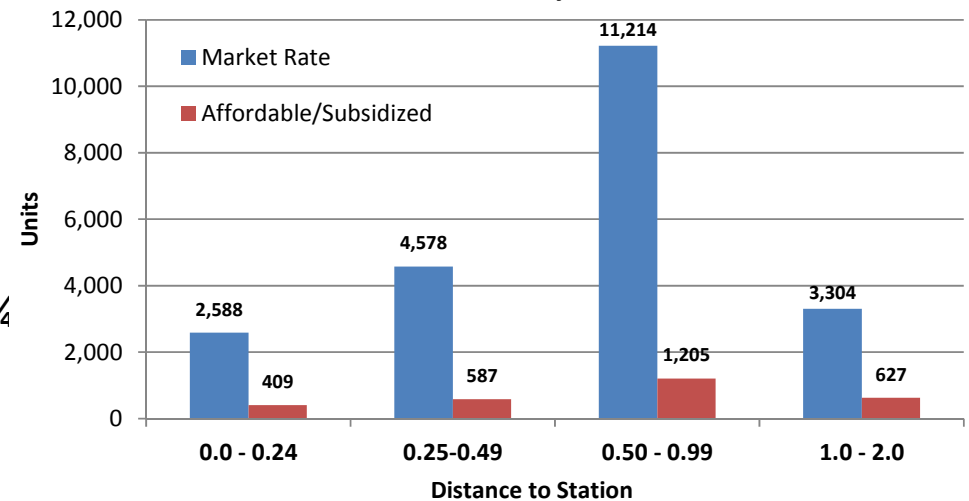


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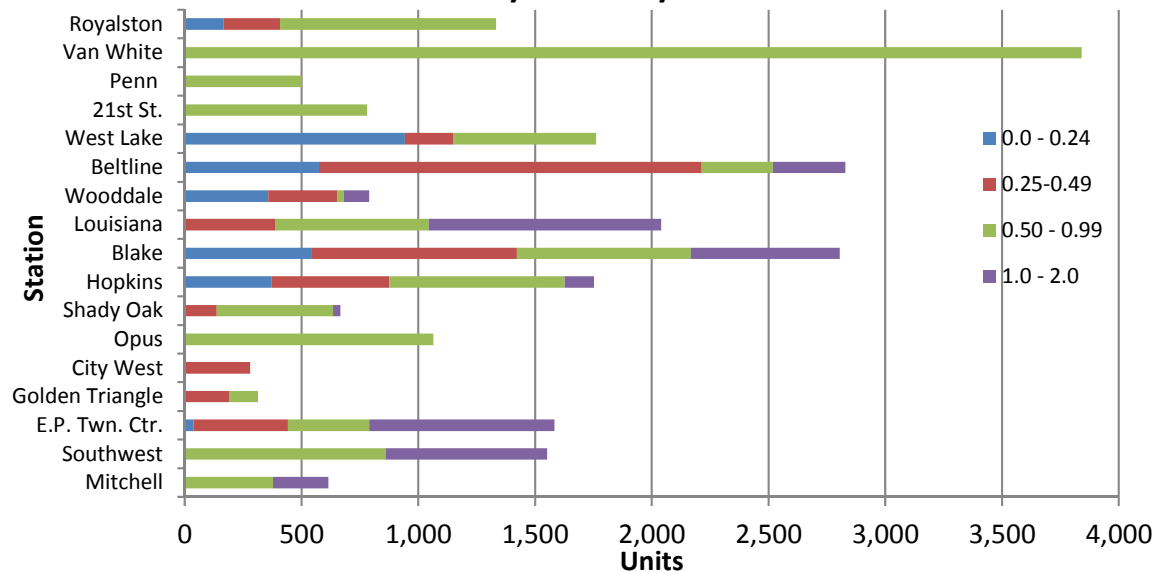
Housing Inventory highlights...

- 12% of units | <0.25 miles of station
- 51% of units | 0.50 to 0.99 miles of station
- 84% of units | 1-mile or less of station
- Only 5 stations have rental housing within $\frac{1}{4}$ mile of the station
- 6 stations have no rental housing units within $\frac{1}{2}$ -mile of station

Corridor-wide Rental Units by Distance to SWLRT Station



Rental Units by Proximity to Station





SWLRT Corridor-wide Housing Inventory

Housing Inventory highlights...

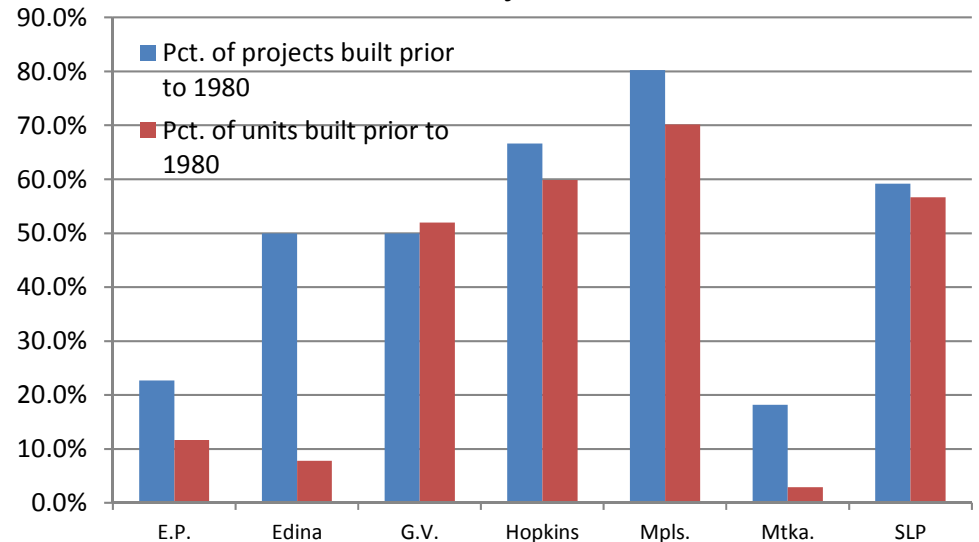
Corridor-wide Affordability (1/2-mile):

- 34% of HHDS < \$35k
- 50% of HHDS > \$50k

Naturally Occurring Affordable Housing:

- High proportion of market rate rentals have “affordable rents” primarily because they are older
- 71% of projects & 53% of total units were built prior to 1980

SWLRT MR Rental Projects & Units Built Prior to 1980





SWLRT Corridor-wide Housing Inventory

Housing Inventory highlights...

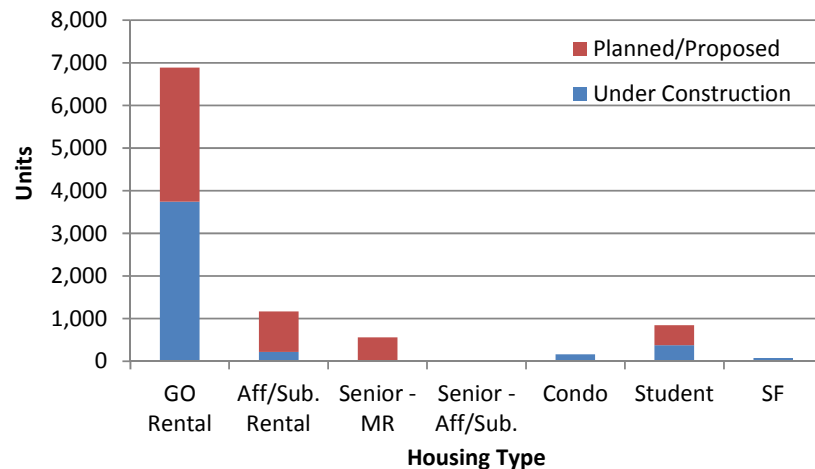
Development Pipeline:

- 9,700 units in pipeline (4,200 units after excluding projects closer to other LRT stations)
- 70% is G.O. market rate rental | 12% affordable/subsidized
- 80% of units in Minneapolis
- Only 20% are within ½-mile of stations

Other:

- Low vacancy rates across SWLRT Corridor
- 18,000 condos | 371 projects | 28% Non-homestead units; most in Minneapolis
- Non-homestead units comprise 21.5% of all units in SWLRT Corridor
- 11% of single-family homes are non-homesteaded

Pipeline Summary by Housing Type





SWLRT Corridor-wide Housing Inventory

Review of city plans and policies

Seven jurisdictions:

- Corridor cities have adopted policies to address SWLRT potential markets
- Policies support higher-density and mixed-uses along the Corridor
- Some cities have potential competing interests in their development policies
- Most plans were prepared in early to mid- 2000s

Financial tools review

- MN tools are limited compared to other states
- Important to seek new tools to assist with TOD development



SWLRT Corridor-wide Housing Inventory

Key takeaways...

- A small percentage of multifamily rental housing currently exists within 1/4-mile of stations; this will likely change with the opening of the SWLRT
- Significant jobs corridor – ½-mile accounts for 1.6% of Metro Area pop. but 6.8% of the jobs; however, the 1-mile corridor accounts for 15.5% of all Metro Area jobs
- Jobs along the Corridor are higher paying with a well-educated workforce
- Demographics trend toward younger, smaller size households
- Household incomes vary significantly across the Corridor
- Older rental housing stock indirectly serves as “unsubsidized affordable housing”
- For-sale real estate market in the Corridor influence area has outperformed the Metro Area during the downturn
- Development pipeline is led by the luxury apartment sector which is likely to increase relying on the LRT to increase rental rates to support new development
- Mobility rates: SWLRT area residents tend to stay in the same community or another SWLRT Corridor city when they move



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Questions

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