

Whittier Multi-Unit Rental Housing Study Fact Sheet

**Whittier Housing Statistics**

The Whittier Multi-Unit Rental Housing Study collected complete data on 192 buildings containing over 4,339 units.<sup>1</sup> It is estimated that this represents 75% of all rental buildings and condominiums over four units in size that exist in Whittier.

| <b>Whittier</b> | Studio | 1 Bedroom | 2 Bedroom | 3+ Bedroom | Overall            |
|-----------------|--------|-----------|-----------|------------|--------------------|
| # of Units      | 605    | 2,086     | 644       | 145        | 3,480 <sup>2</sup> |

**Market Rate Rental Housing**

Market rate housing consists of apartment units whose rents are determined by the market, and fluctuate accordingly, and are completely unsubsidized. Market rate buildings are owned by private companies and do not require residents to be below a certain income ceiling in order to live there. Though the free market determines rents in Whittier in the same way it determines rents elsewhere, Whittier's rents are lower than the city and Metro Area averages, shown in the following table, because the market is weaker in Whittier:

| <b>Minneapolis/Metro</b>  | Studio | 1 bedroom | 2 bedroom | 3+ bedroom | Overall |
|---------------------------|--------|-----------|-----------|------------|---------|
| Minneapolis average rents | \$617  | \$823     | \$1,158   | \$1,407    | n/a     |
| Metro Area average rents  | \$635  | \$786     | \$984     | \$1,279    | \$908   |

The following table shows the collected data for market rate housing in Whittier:

| <b>Whittier</b> | Studio      | 1 bedroom   | 2 bedroom   | 3+ bedroom  | Overall         |
|-----------------|-------------|-------------|-------------|-------------|-----------------|
| Number of Units | 495         | 1,636       | 411         | 23          | <b>2,565</b>    |
| Range of rents  | \$414-1,160 | \$530-1,675 | \$625-2,300 | \$800-1,655 | \$414-2,300     |
| Average Rents   | \$536.94    | \$654.84    | \$868.28    | \$1,154.17  | <b>\$684.79</b> |

<sup>1</sup> Figure does not include beds in supportive housing or shelters.

<sup>2</sup> This figure represents the number of total apartment units surveyed for which unit size is known.

## Affordable Market Rate Rental Housing

Affordable market rate buildings are privately owned buildings whose rents are set by the market but which accept Section 8 vouchers in a portion of their units. I have opted to refer to this type of housing as “affordable market rate”, and include it in the affordable housing category because it is more affordable than a completely unsubsidized market rate building. Affordable market rate housing is not designated affordable, it is a different method of making a neighborhood affordable without specifically designating buildings as such. Participation in the Section 8 program is voluntary, fluid, and not a permanent form of providing affordable housing. It also must be noted that affordable market rate housing only takes Section 8 vouchers for some of a building’s units, therefore the rest of the building is still rented at the market rate to people who do not qualify for affordable housing. This survey did not discern the proportion of Section 8 units per affordable market rate building, and in most cases there is no constant proportion; it depends on the desires of the individual landlord and the number of rental applicants who hold Section 8 vouchers.

Section 8 is a federally-funded program in which the Public Housing Authority pays a participating landlord back for the difference between 30% of a voucher-holding tenant’s income and the fair market rent (FMR) for the Twin Cities metropolitan area.<sup>3</sup> Affordable housing is meant for people who earn below 50% of the median income for the Twin Cities area, which currently includes all households making less than \$39,250 annually.<sup>4</sup> The Twin Cities Metro Area fair market rents for 2008, as determined by HUD, are compared in the following table with the Metropolitan Council Liveable Communities Act (LCA) affordability standards from 2006 for those earning below 50% of the median income in the Twin Cities:<sup>5</sup>

| <b>Minneapolis/Metro</b>                 | Studio/efficiency | 1 bedroom | 2 bedroom | 3 bedroom |
|--|-------------------|-----------|-----------|-----------|
| Fair market rent <sup>6</sup>            | \$593             | \$699     | \$848     | \$1,110   |
| LCA affordability standards <sup>7</sup> | \$687             | \$736     | \$883     | \$1,020   |

With this in mind, the following table shows the collected data for affordable market rate housing in Whittier:

| <b>Whittier</b> | Studio    | 1 bedroom | 2 bedroom   | 3+ bedroom | Overall         |
|-----------------|-----------|-----------|-------------|------------|-----------------|
| Number of Units | 70        | 304       | 72          | 9          | <b>455</b>      |
| Range of rents  | \$330-690 | \$395-850 | \$650-1,100 | \$900-950  | \$330-1,100     |
| Average Rents   | \$507.53  | \$638.71  | \$782.15    | \$925      | <b>\$650.75</b> |

<sup>3</sup> “Section 8 Rental Voucher Program.” Department of Housing and Urban Development. <http://www.hud.gov/progdesc/voucher.cfm>

<sup>4</sup> “Report to the Minnesota Legislature on Affordable and Life-Cycle Housing In the Twin Cities Metropolitan Area, 2006.” Metropolitan Council. December 2007. <http://www.metrocouncil.org/planning/housing/AFFHousingRpt/AffHousingRpt2007.pdf>

<sup>5</sup> Both FMR rates and LCA affordability standards include the cost of rent plus utilities, which is why the figures are higher than the average cost of housing in Whittier, which includes only the cost of rent and heat. The LCA affordability standard is the rent below which units are deemed affordable to those earning less than 50% of the metro median income.

<sup>6</sup> “Schedule B- FY 2008 Final Fair Market Rents for Existing Housing.” Department of Housing and Urban Development. 2008, p.25. [http://www.huduser.org/datasets/fmr/fmr2008f/fy2008\\_FMR\\_SCHEDULEB.pdf](http://www.huduser.org/datasets/fmr/fmr2008f/fy2008_FMR_SCHEDULEB.pdf)

<sup>7</sup> “Report to the Minnesota Legislature on Affordable and Life-Cycle Housing In the Twin Cities Metropolitan Area, 2006.” Metropolitan Council. December 2007. <http://www.metrocouncil.org/planning/housing/AFFHousingRpt/AffHousingRpt2007.pdf>

## Designated Affordable Rental Housing

Designated affordable housing has the specific purpose of providing housing to low income populations through project-based rent subsidies. These buildings may be owned and operated by a non-profit, by the city, or by the residents themselves in a cooperative relationship. In certain cases, housing may be owned by a private for-profit company who specializes in offering subsidized housing. Designated affordable housing may accept Section 8, but often does not because other subsidies are offered instead, providing an alternative to the Section 8 program. To qualify for designated affordable housing, tenants must meet certain requirements, such as being under the particular income ceiling for a specific apartment. These designated affordable numbers do not include supportive housing or shelters, only apartments.

| <b>Whittier</b> | Studio    | 1 bedroom | 2 bedroom | 3+ bedroom  | Overall         |
|-----------------|-----------|-----------|-----------|-------------|-----------------|
| Number of Units | 40        | 146       | 161       | 113         | <b>460</b>      |
| Range of rents  | \$300-595 | \$395-725 | \$524-895 | \$545-1,348 | \$300-1,348     |
| Average Rents   | \$473.80  | \$629.12  | \$754.46  | \$973.37    | <b>\$766.72</b> |

## Supportive Housing and Shelters

Supportive housing is a group home that provides for a specific segment of the population by offering services within the residential unit. In Whittier, supportive housing can come in the form of treatment facilities for substance abusers, the mentally ill, or the elderly, or transitional housing for families. Shelters, on the other hand, are temporary housing for the homeless and can come in the form of a church shelter or a rooming house. Ownership of supportive housing and shelters ranges from the Minneapolis Public Housing Authority, to various neighborhood churches, to private companies which specialize in assisted living.

Whittier has over 132 rooms and 239 beds of supportive housing or shelters. Whittier's supportive housing and shelters have an average total occupancy rate of 94%, which shows that their existence in Whittier is in high demand. Depending on the type of care they offer, supportive housing and shelters have very different lengths of stay, ranging from a few nights to long term residency. All supportive housing and rooming houses in Whittier are designated affordable, paid for either by county assistance, Supplemental Security Income, or another subsidy. The majority do not charge rents, but have a program fee which includes the cost of room and board in addition to paying for the other services provided. The range of populations serviced by Whittier's supportive housing and shelters is wide. Some offer help to single women with children, others to men only, and some specifically to the elderly. Supportive housing and shelters in Whittier are all located east of Nicollet Avenue, and of the 13 total buildings, seven are located on 1<sup>st</sup> Avenue.

## Condominiums

Whittier has at least 22 condominium buildings, with a total of 679 units. Five new condo buildings have been constructed in Whittier over the past several years, while the rest represent buildings which have been converted from apartment buildings into condos.

Of the nine condo buildings I was able to get in contact with, on average 80% of the total number of units available are occupied, but 7% of condo units in Whittier are currently being renting rather than owner-occupied. The most drastic example of a condo that has turned to rental is the Arches @ Arts condo where 70-85% of units are currently being rented out. Some of the newer condos, like Eat Street Flats, are still

struggling to sell units, with only 57% of their units sold. The average number of units in a Whittier condo building is 31, making condos the largest buildings in the neighborhood.

### **Institutional Housing**

The nine buildings included in this category are all owned by the Minneapolis College of Art and Design and are used as dormitories and housing for students of the school. MCAD owns 120 units in the neighborhood, or 3% of the total number of units this study covers. The majority are one bedroom units, shared by two students. Students rent the housing for the term of an academic year, and pay varying amounts depending on whether or not the room is furnished and how many people are sharing the room. Typical room and board fees range from \$360-733 per person per academic year. Though MCAD student housing is not available to anyone who is not an MCAD student, this institutional housing contributes a fair share of Whittier residents every year, and also competes with nearby private apartments which might also offer housing to MCAD students.

### **Supplemental Information**

2007 estimates for Whittier household income (average household=2.07 people):

Income Less than \$15,000 19.28%  
Income \$15,000 - \$24,999 16.88%  
Income \$25,000 - \$34,999 18.74%  
Income \$35,000 - \$49,999 19.89% (*50% of Metro Median Income below this bracket*)  
Income \$50,000 - \$74,999 13.59%  
Income \$75,000 - \$99,999 6.08%  
Income \$100,000 - \$149,999 4.11%  
Income \$150,000 - \$249,999 1.02%  
Income \$250,000 - \$499,999 0.27%  
Income \$500,000 and more 0.14%<sup>8</sup>

2007 Est. Median Household Income \$32,385 (*below 50% of Metro Median Income*)<sup>7</sup>

### **Concluding Remarks**

Distribution of housing units across the affordability spectrum reveals that market rate unsubsidized apartments are likely to be smaller units while affordable units are larger. 83% of market rate units are one bedrooms or studios. Affordable market rate apartments show a shift toward larger units, with 85% of all affordable market rate units being either one or two bedrooms. 80% of all designated affordable apartment units are two or more bedrooms. Whittier's market rate housing therefore suits individuals or couples while its affordable housing suits families.

The results of this housing survey reveal that, of the 192 buildings surveyed, 51.5% are market rate, though the rental market in Whittier is weaker than the city and metro area markets. 34.5% of the properties surveyed are affordable in some way, either in that they accept Section 8 (11.5%), are designated affordable apartments (14%), or are shelters and supportive housing (7%). Condominiums now make up 11.5% of buildings surveyed, while institutional housing is just 4.5%. It can be concluded that the majority of multi-unit rental housing in Whittier is affordable to Whittier residents, often even without any subsidy.

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<sup>8</sup> "Pop-Facts: Demographic Snapshot Comparison Report." Claritas Market Place, 2007.