

Brooklyn Park Multifamily Housing Analysis

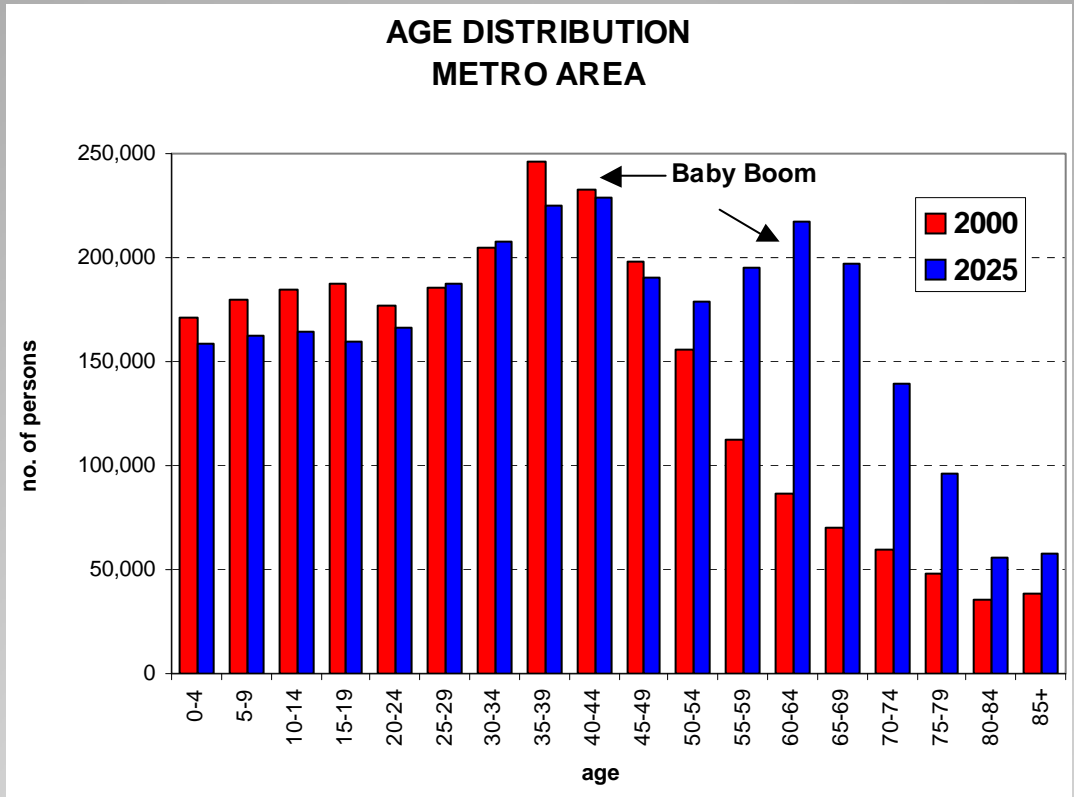
Presented by:
Maxfield Research Inc.
July 1, 2008

- Multifamily Housing Includes:
 - All dwelling units that house more than one household and are attached;
 - All dwelling units that have a common interest in the common exterior areas of the property and where that property is maintained by an association, such as detached townhomes.
 - Some exceptions-such as single-family homes under an association

Definitions

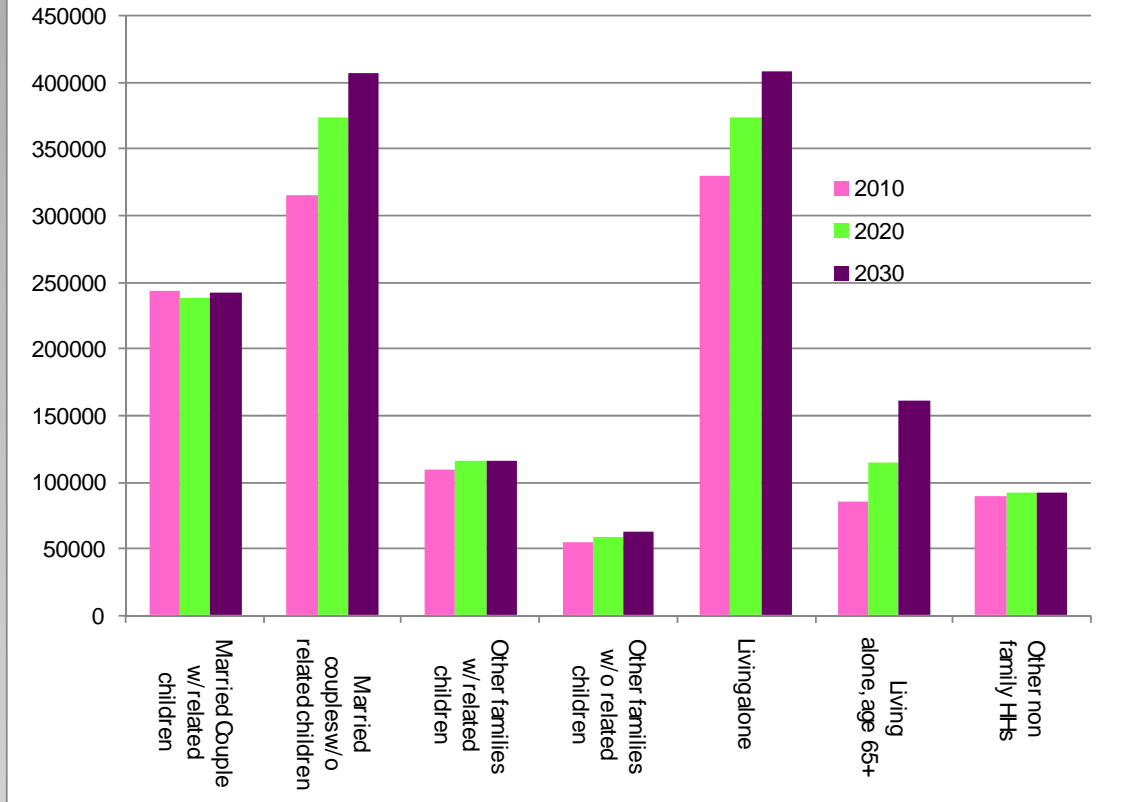
- Overall, household sizes in the Twin Cities Metro Area are decreasing;
- More people living alone, young people and seniors;
- Many central city neighborhoods have seen an increase in household sizes due to larger immigrant populations with larger households including extended families;
- This is expected to stabilize over the next decade.

Regional Demographic Trends



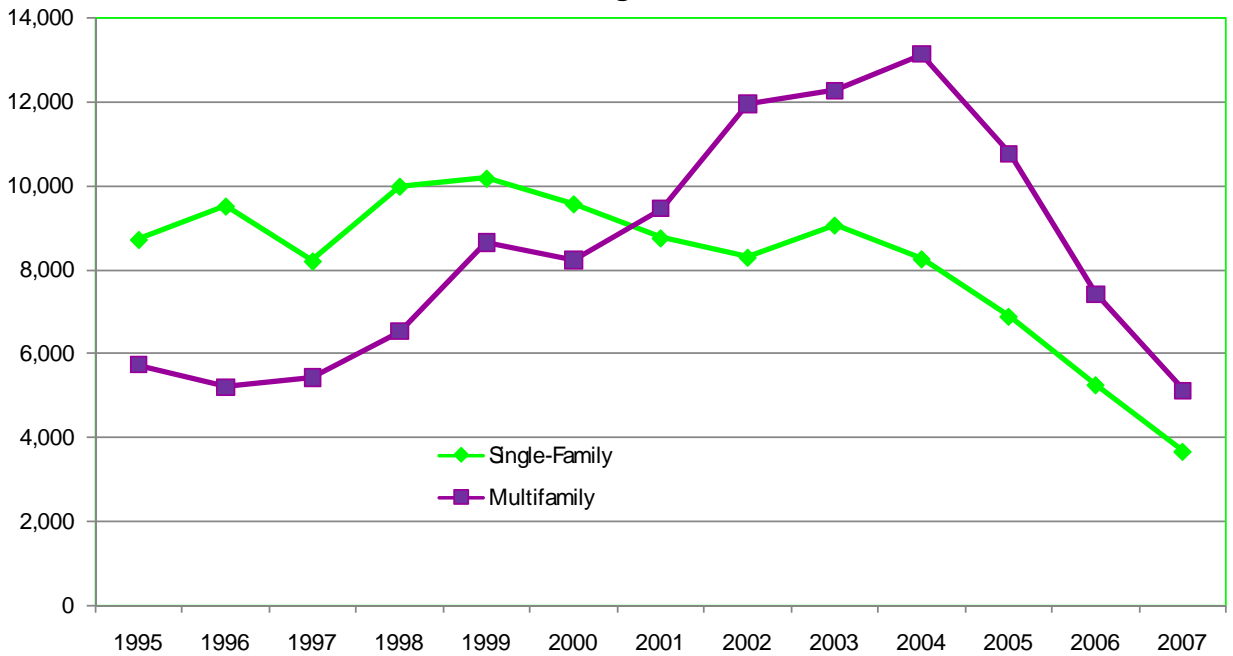
Aging of the Baby Boom

**Projected HH Type-TCMA
2010-2030**



Household Type Trends

Twin Cities Metro Area
Residential Building Permits Issued
1995 through 2007



Twin Cities Metro Permits Issued

- Most of the housing stock is relatively new having been built within the past 40 years.
- 70% of units that are rented were built between 1960 and 1980;
- 40% of owner-occupied homes were built between 1960 and 1980; another 48% were built between 1980 and 2000.

Age of Housing Stock

- Slightly larger household sizes than the Metro Area;
- Overall, somewhat younger than adjacent communities;
- Household Incomes are generally on-par with incomes in the Metro Area;
- Percent of ownership to rental is similar to the Metro Area:
 - Brooklyn Park – 73%
 - Metro Area – 71%

Brooklyn Park

- \$78,500 median HH income Twin Cities, family of 4
- 80% of median (\$62,500)
- 50% of median (\$39,250)
- Affordable Rents/Brooklyn Park:
 - EFF - \$687/mo./\$617/mo.
 - 1BR - \$736/mo./\$631/mo.
 - 2BR - \$883/mo./\$817/mo.
 - 3BR - \$1,020/mo./\$1,291/mo.
- Avg. vacancy for 3BR units was 0.0%

Affordability Benchmarks-2007

- Hennepin Cty. Park
 ◦ 57% SF
 ◦ 7.1% 1-unit Att.
 ◦ 7.1% 2-4 units
 ◦ 16.2% 5-49 units
 ◦ 12.2% 50+units
- Brooklyn
 61%SF
 12.5 1-unit
 2.6% 2-4
 14.6% 5-49
 9.3% 50+

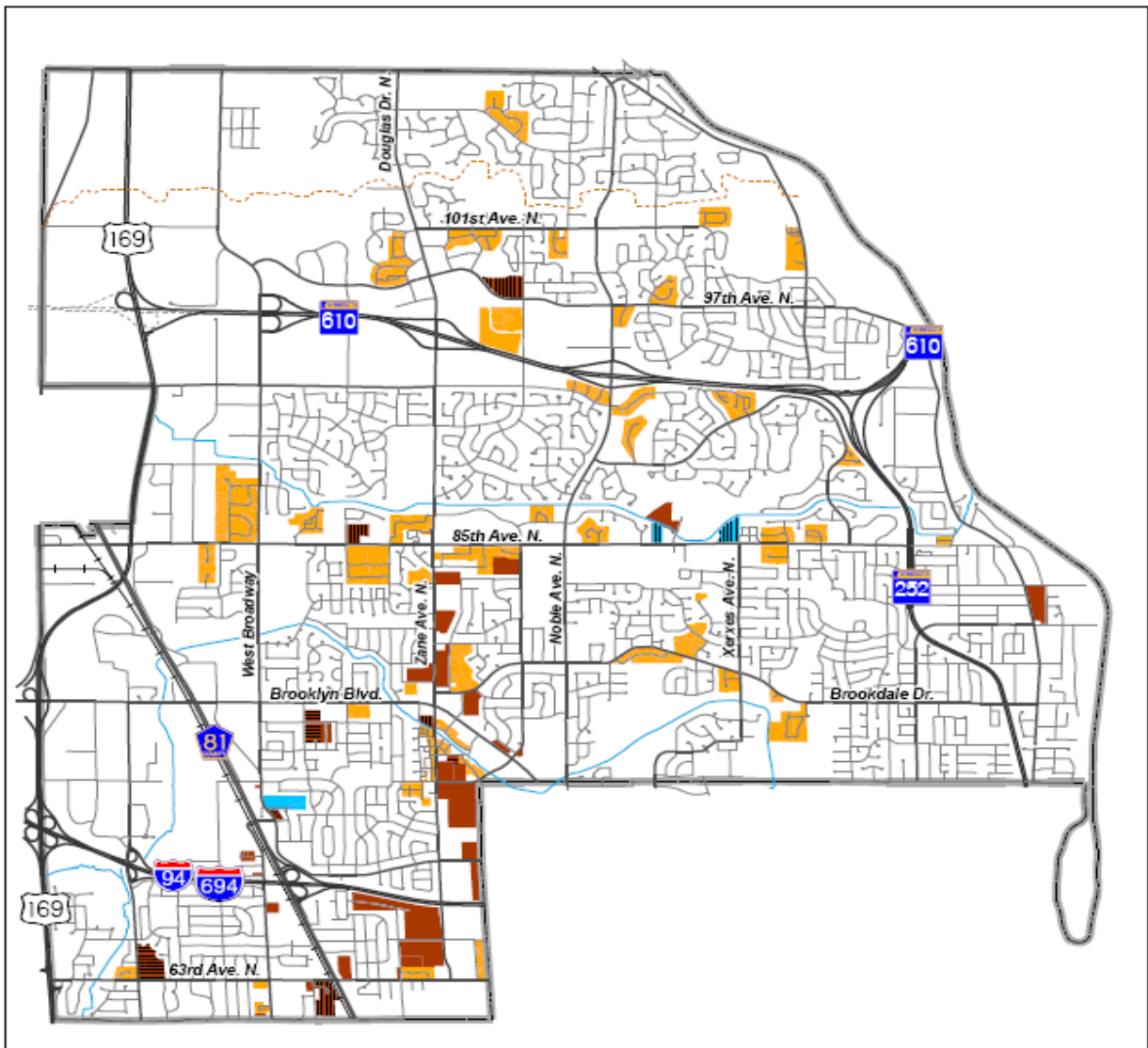
Housing Product Types-Hennepin Cty.

TABLE 11
MARKET ACTIVITY FOR OWNED MULTIFAMILY UNITS
CITY OF BROOKLYN PARK
2000 through 2007

Year	Units Sold	Median Sales Price	Average Sales Price	Days on Market	Pct. Chg. in Value
2000	279	\$94,500	\$97,215	7	----
2001	309	\$115,000	\$113,553	8	21.69
2002	312	\$132,450	\$132,719	14	15.17
2003	337	\$139,000	\$144,232	62	4.95
2004	360	\$145,500	\$152,057	34	4.68
2005	311	\$152,500	\$157,989	42	4.81
2006	271	\$155,500	\$157,923	46	1.97
2007	157	\$141,750	\$142,241	69	-8.84

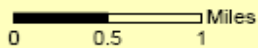
Sources: Minneapolis Area Association of Realtors
 Maxfield Research, Inc.

Average Owned MF Home Values Brooklyn Park



Multi-Family Neighborhoods

May 12, 2008



Legend

-  Disabled
-  Income Qualified
-  Senior
-  Rental Apartments
-  For-Sale Condos (apartment style)
-  For-Sale Attached Townhomes

Location of Multifamily Developments

All Multifamily

Can serve as a transition between single-family and commercial uses

Lower-density multifamily can be located in areas traditionally reserved for single-family

Owned Multifamily

Usually located bordering high traffic areas and/or as a transition between single-family and commercial uses

Rental Multifamily

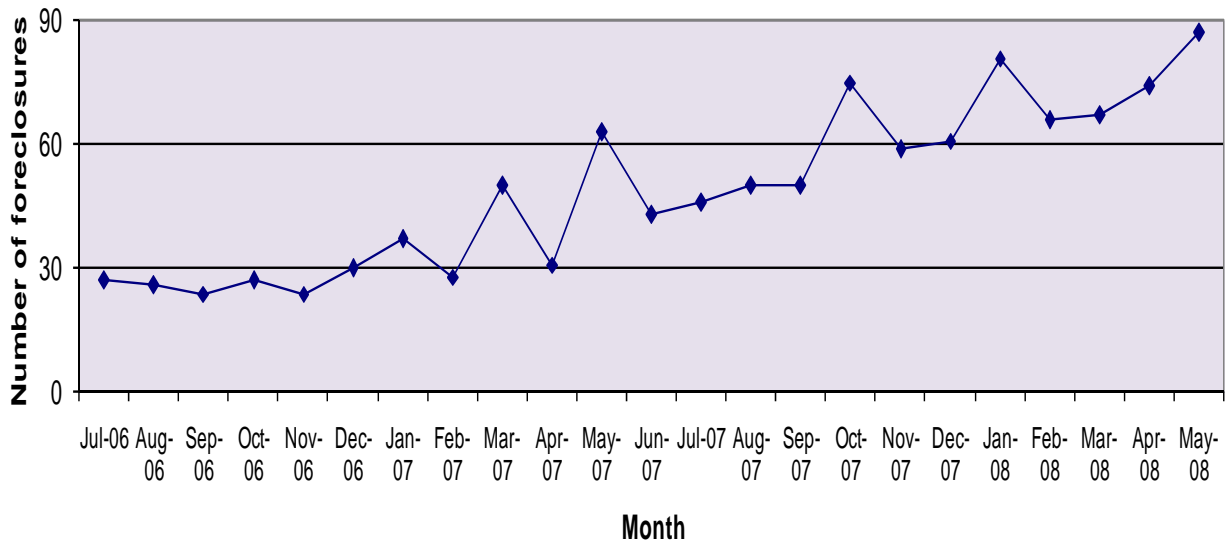
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Multifamily Location Criteria-Land Use

- Low-Density -Owned
 - Typically prefers high level of residential orientation, more secluded or high-amenity sites;
- Med. To High-Density-Owned
 - Typically prefers convenient access to goods and services, residential or commercial orientation
- Low-Density-Rental
 - Typically prefers a neighborhood orientation, but with relatively convenient access to goods and services;
- Med. To High-Density-Rental
 - Typically prefers convenient access to goods and services and location on major transportation arteries

Multifamily Location Criteria – Consumer Preferences

New Brooklyn Park Foreclosures per Month
July 2006 - May 2008



**Foreclosures
Brooklyn Park**

- In general, more rental units available in the market and more households renting due to credit tightening and some owners moving back to rentals;
- Increase in SF homes being rented
- Increase in MF units being rented at both owned and rental properties.
- A portion of owner-occupied rentals is temporarily; some of these units will return to owned when the market strengthens
- Long-term rentals of owned housing units can signal functional (market) obsolescence
- Important to monitor maintenance of properties and to encourage a shift back to owned housing.

Impact of Foreclosures on MF Market

- Has increased in number over the past decade.
- Typical proportions range from 20% to 50% of affordable to market rate;
- Proportions of market rate to affordable that have been most successful in the marketplace have ranged from 20% to 40%.
- Proportions beyond 40% tend to result in market rate units having higher vacancy rates.

Mixed Income Housing

- Multifamily products changing even more rapidly than single-family;
- Developers and builders are incorporating more SF home features and amenities into multifamily products
 - Granite counters
 - In-unit washer/dryers
 - Tile and hardwood floors
 - Double-vanity sinks
 - Recessed/track lighting
 - High ceilings
 - Stainless appliances

Product Design Trends

- **Balanced Mix of Housing**
 - Overall, proportion of rental to owner-occupied (70%/30% split) is not expected to change significantly until boomers would be in their late 70s;
 - Single-Family versus multifamily expected to stabilize at 50%/50%
- **High-density vs. low density**
 - Increase of high-density products due to high land costs and other redevelopment costs.
 - Interest in locating commercial goods and services nearer to residential uses.
 - Increase in demand/development of senior housing products.
- **Affordability**
 - High-density housing can increase affordability due to greater economies of scale.

Demand for Multifamily Products

2008-2020 (12-year period)

Market Rate

For-Sale MF

1,148 units

Rental MF

949 units

Affordable

For-Sale MF

492 units

Rental MF

633 units

**Projected MF Demand
Brooklyn Park**

- Has expanded rapidly over the past decade;
- Owned housing options primarily offer conveniences and freedom from exterior upkeep
- More options and choices, for-sale and rental;
- Primarily focused on the delivery of services and service needs;
- Continued movement away from nursing homes to other types of care facilities;
- Additional licensure and monitoring of care;

Senior Housing Products

2007-2012

5-year period

(from previous assessment)

Adult/Few Services (Owned)-105
units

Adult/Few Services (Rental)-35
units

Congregate-20 units

Assisted Living-60 units

Memory Care-60 units

Senior Demand

- Will continue to be a key component of the housing stock
- Somewhat more prone to cycle shifts in the housing market
 - (investors/owners/renters)
- Need to balance household types with desired housing products (more bedrooms)=affordable housing
 - Reconfigurations of existing structures; this has been successful in the SNAP neighborhood.
- Over time, a balanced mix of units and product types tend to best weather market shifts;

Long-term trends

- More senior housing
- More townhomes
 - Single-level and detached will become increasingly expensive due to high land costs
 - Back-to-back townhomes have declined in market desirability
- Condominiums
 - Will come back into the mix, but will be a modest portion of the total due to greater living restrictions and the generally multi-story elevator building style.
- Small lot SF, with association-maintained common areas.

Product Types