

CITY OF VACAVILLE

APARTMENT VACANCY AND RENT SURVEY

as of

OCTOBER 1, 2010

Prepared by:

**City of Vacaville
Housing and Redevelopment
Cynthia W. Johnston, Director**

I. BACKGROUND

Each year the Department of Housing and Redevelopment (DHR) surveys the Vacaville apartment rental housing stock to determine the availability of apartment rental housing within the local community. The survey does not consider single-family dwellings that are rented or apartments with restricted rents. Units with restricted rents are not included for two reasons: 1) including the lower rents would prevent an accurate determination of median rent levels for market-rate units; and 2) the purpose of this survey is to determine the climate of the rental market in order to respond to requests to convert apartments to condominiums. Since these affordable housing units have long-term affordability agreements that prevent them from being converted to condominiums, they are not included.

DHR conducted its annual survey of the vacancy and monthly rent levels of apartment-type rental units in the City of Vacaville as of October 1, 2010. There were 6,271 apartment units on the list in the City of Vacaville. Of these, 1,150 units were not included in the survey because these units have restricted rents (738 units owned by Vacaville Community Housing (VCH) and/or the Bay Development/VCH Partnerships, 228 units at Saratoga Senior, 56 units at Autumn Leaves, 46 units at Twin Oaks and 82 units owned by the Vacaville Redevelopment Agency (which will be transferred to a non-profit housing corporation for ownership and management)). Therefore, 5,121 units were surveyed.

4,690 units responded to the survey out of a pool of 5,121 apartment rental units. Of the 4,690 available rental apartment-type units that reported, 163 were reported to be vacant and available for rent while an additional 72 units were reported to be vacant but unavailable for renting. These 72 are not included in the vacancy rate.

Units In Survey	Units Reported	Vacant Ready
5,121	4,690	163

II. SUMMARY OF VACANCY FINDINGS

Based upon data collected in this and previous surveys, the following statements may be made about the rental market in Vacaville:

A. Consolidated Vacancy Survey Results

1. The overall vacancy rate is 3.5%.
2. The overall level of vacancy decreased from the survey taken twelve months ago from 4.0% to 3.5%. There was a decrease in one-bedroom unit vacancies over the past year from 4.8% to 3.1%. There was an increase in two-bedroom unit vacancies over the past year from 3.3% to 3.7%. The three-bedroom unit vacancies decreased from 4.1% to 3.5%.
 - a. The overall vacancy rate for 1-bedroom units is 3.1%.
 - b. The overall vacancy rate for 2-bedroom units is 3.7%.
 - c. The overall vacancy rate for 3-bedroom units is 3.5%.

B. Potential Causes

A vacancy rate of 3-5% is considered to be a balanced rental market and the current rate of 3.5% falls within this range. While units are not surveyed for potential reasons for vacancy, based on historical trends and current information, the following are possible reasons as to why there is a vacancy rate of 3.5%:

- former renters faced with unemployment (as Solano County's unemployment rate exceeds 12%) are unable to afford to rent a house and rent apartments instead, which are generally less expensive, thereby decreasing the availability of apartment rentals;
- former homeowners (foreclosed) are turning to apartments to meet their housing needs and also reduces the availability of apartment rentals;
- Households previously living in larger units, such as two-bedroom units, are down-sizing to smaller, more affordable units;
- Households living in smaller units are merging with other households to consolidate into one larger unit and sharing costs.

C. Pre- and Post- 2000 Vacancy Analysis

Of the units eligible to be surveyed, there have been 1,241 multi-family apartment units added in Vacaville since 2000, which represents 26.5 % of all units surveyed in 2010. The majority of these units (980 units out of a total 1,241) can be classified as "high end" or "luxury" rental units. The rents for this classification are substantially higher. The higher levels of rent appear to no longer be as much of an influencing factor in the vacancy rate seen below for units built since 2000:

- a. The overall vacancy rate for units built prior to 2000 is 3.5%.
- b. The overall vacancy rate for units built since 2000 is 3.5%.
- c. The overall vacancy rate for all units combined (pre- and post- 2000) is 3.5%

III. VACANCY SURVEY RESULTS FOR THE PURPOSES OF THE CONDOMINIUM CONVERSION ORDINANCE

If the resulting vacancy percentage is less than three percent, in accordance with the Condominium Conversion Ordinance, the City deems there is a "severe rental housing shortage," and will not accept any applications for the conversion of existing multi-family housing into condominiums. The city wide vacancy rate is determined to be **3.5%**; therefore, there is no severe rental unit housing shortage. The attached tables provide results of the recent survey, as well as historical vacancy data:

Table 1A	Overall Vacancy Rate
Table 1B	Vacancy Rate Analysis for Pre- and Post-2000 Built Units
Table 2	Vacancy Survey Results by Bedroom Size
Table 3	Historical Vacancy Rates – October 1, 1983 through October 1, 2010

TABLE 1A**OVERALL VACANCY RATE**

	<u>10/1/00</u>	<u>10/1/01</u>	<u>10/1/02</u>	<u>10/1/03</u>	<u>10/1/04</u>	<u>10/1/05</u>	<u>10/1/06</u>	<u>10/1/07</u>	<u>10/1/08</u>	<u>10/1/09</u>	<u>10/1/10</u>
Total Available Units Surveyed	4,570	4,576	4,569	4,420	3,774	4,768	4,626	4,626	4,969	4,905	4,690
Vacant/Available for Rent	74	190	174	224	243	381	211	172	247	194	163
Vacancy Rate	1.6%	4.2%	3.8%	5.1%	6.4%	8.0%	4.6%	3.7%	5.0%	4.0%	3.5%

TABLE 1B**VACANCY RATE ANALYSIS FOR PRE AND POST 2000 BUILT UNITS**

	Pre-2000 Units Constructed	Post-2000 Units Constructed	Consolidated 2010 Survey Results
Total Available Units Surveyed	3,449	1,241	4,690
Vacant/Available for Rent	120	43	163
Vacancy Rate	3.5%	3.5%	3.5%

TABLE 2**VACANCY SURVEY RESULTS BY BEDROOM SIZE**

ONE BEDROOM	<u>10/00</u>	<u>10/01</u>	<u>10/02</u>	<u>10/03</u>	<u>10/04</u>	<u>10/05</u>	<u>10/06</u>	<u>10/1/07</u>	<u>10/08</u>	<u>10/09</u>	<u>10/10</u>
Total Units Surveyed	1,864	1,715	1,846	1,845	1,601	1,860	1,864	1,798	1,901	1,902	1,963
Vacant/Available for Rent	46	56	52	84	89	140	73	62	89	92	57
Vacancy	2.5%	3.3%	2.8%	4.6%	5.6%	7.5%	3.9%	3.4%	4.7%	4.8%	3.1%
Vacant/Not Available	5	0	0	0	0	0	0	0	7	56	28
TWO BEDROOM	<u>10/00</u>	<u>10/01</u>	<u>10/02</u>	<u>10/03</u>	<u>10/04</u>	<u>10/05</u>	<u>10/06</u>	<u>10/1/07</u>	<u>10/08</u>	<u>10/09</u>	<u>10/10</u>
Total Units Surveyed	2,525	2,672	2,547	2,424	2,052	2,731	2,565	2,658	2,842	2,809	2,986
Vacant/Available for Rent	25	133	110	133	137	227	126	101	146	94	100
Vacancy	1.0%	5.0%	4.3%	5.5%	6.7%	8.3%	4.9%	3.8%	5.1%	3.3%	3.7%
Vacant/Not Available	3	0	0	0	0	0	0	0	23	54	42
THREE BEDROOM	<u>10/00</u>	<u>10/01</u>	<u>10/02</u>	<u>10/03</u>	<u>10/04</u>	<u>10/05</u>	<u>10/06</u>	<u>10/1/07</u>	<u>10/08</u>	<u>10/09</u>	<u>10/10</u>
Total Units Surveyed	181	189	176	151	121	177	197	170	179	194	172
Vacant/Available for Rent	3	1	12	7	17	14	12	9	12	8	6
Vacancy	1.7%	0.6%	7.0%	4.6%	14.0%	7.9%	6.1%	5.3%	6.7%	4.1%	3.5%
Vacant/Not Available	0	0	0	0	0	0	0	0	17	2	2

TABLE 3

HISTORICAL VACANCY RATES OCTOBER 1, 1983 THROUGH OCTOBER 1, 2010

(All Units Vacant & Ready)

<u>DATE</u>	<u>VACANCY RATE</u>
October 1983	2.5%
October 1984	1.8%
October 1985	1.9%
October 1986	14.3%
October 1987	6.2%
October 1988	2.7%
October 1989	2.3%
October 1990	3.1%
October 1991	3.0%
October 1992	3.2%
October 1993	4.4%
October 1994	4.3%
October 1995	3.0%
October 1996	3.4%
October 1997	4.0%
October 1998	2.2%
October 1999	1.0%
October 2000	1.6%
October 2001	4.2%
October 2002	3.8%
October 2003	5.1%
October 2004	6.4%
October 2005	8.0%
October 2006	4.6%
October 2007	3.7%
October 2008	5.0%
October 2009	4.0%
October 2010	3.5%

IV. RENT LEVEL SURVEY

The rent level survey determined that median rent levels for all bedroom types demonstrated some change during the past year. The median rent is the midpoint of a set of rents. For example, if the median rent for a one-bedroom unit is \$925/month, one half of the units rent for less than \$925/month and one half of the units rent for more than \$925/month.

1. Median rent levels for all one-bedroom units surveyed (1,963) demonstrated a \$22, or 2.3% decrease from the previous survey period. The median rent for all one-bedroom units is **\$925**.
 - ✓ When considering only one-bedroom units (1,462) built prior to 2000, the median is **\$875**.
 - ✓ When considering only one-bedroom units (501) built since 2000, the median rent is **\$1,238**.

2. Median rent levels for all two-bedroom units surveyed (2,982) demonstrated a \$5, or .4% decrease from the previous survey period. The median rent for a two-bedroom unit is **\$1,120**.
 - ✓ When considering only two-bedroom units (2,306) built prior to 2000, the median rent is **\$1,025**.
 - ✓ When considering only two-bedroom units (676) built since 2000, the median rent is **\$1,435**.

3. Median rent levels for all three-bedroom units surveyed (172) demonstrated a \$65, or 4.6% decrease from the previous survey period. The median rent for a three-bedroom unit is **\$1,335**.
 - ✓ When considering only three-bedroom units (108) built prior to 2000, the median rent is **\$1,175**.
 - ✓ When considering only three-bedroom units (64) built since 2000, the median rent is **\$1,727**.

The newer units that have been built since 2000 have greater amenities and therefore, typically, significantly higher rents; however, overall vacancy does not seem to be impacted by these higher rents.

Over the eleven-year period 2000-2010, median rents have increased 19.7% for one-bedroom units, 25.8% for two-bedroom units, and 52.6% for three-bedroom units.

The attached tables provide results of the recent survey, as well as historical rental data:

- | | |
|---------|---|
| Table 4 | Comparison of Median Rent Levels – October 1, 2010 - Overall Units VS. Pre-2000 and Post-2000 Units |
| Table 5 | Comparison of Median Rent Levels – All Units 10/1/00 - 10/1/10 By Bedroom Size |
| Table 6 | Rental Market Survey – Historical Median Rents for Apartments – 10/1/00 - 10/1/10 |

TABLE 4

**COMPARISON OF MEDIAN RENT LEVELS – OCTOBER 1, 2010
OVERALL UNITS VS. PRE-2000 AND POST-2000 UNITS
BY BEDROOM SIZE**

	<u>10/10 – Overall</u>	<u>Pre-2000</u>	<u>Post-2000</u>
One Bedroom Median Rent	\$ 925	\$ 875	\$1,238
Two Bedroom Median Rent	\$ 1,120	\$ 1,025	\$1,435
Three Bedroom Median Rent	\$1,335	\$1,175	\$1,727

TABLE 5

**COMPARISON OF MEDIAN RENT LEVELS
ALL UNITS 10/1/00 - 10/1/10
BY BEDROOM SIZE**

	<u>10/00</u>	<u>10/01</u>	<u>10/02</u>	<u>10/03</u>	<u>10/04</u>	<u>10/05</u>	<u>10/06</u>	<u>10/07</u>	<u>10/08</u>	<u>10/09</u>	<u>10/10</u>	<u>% decrease 2009-2010</u>
One Bedroom Median Rent	\$773	\$860	\$865	\$870	\$875	\$900	\$950	\$953	\$920	\$947	\$925	2.3%
Two Bedroom Median Rent	\$890	\$975	\$995	\$995	\$1,000	\$999	\$1,095	\$1,095	\$1,105	\$1,125	\$1,120	.4%
Three Bedroom Median Rent	\$875	\$1,095	\$1,150	\$1,150	\$1,103	\$1,245	\$1,195	\$1,375	\$1,250	\$1,400	\$1,335	4.6%

TABLE 6

RENTAL MARKET SURVEY-OCTOBER 1, 2010

HISTORICAL MEDIAN RENTS FOR APARTMENTS

	<u>OCT '00</u>	<u>OCT '01</u>	<u>OCT '02</u>	<u>OCT '03</u>	<u>OCT '04</u>	<u>OCT '05</u>	<u>OCT '06</u>	<u>OCT '07</u>	<u>OCT '08</u>	<u>OCT '09</u>	<u>OCT '10</u>
1 Bedroom											
Median Rent	\$773	\$860	\$865	\$870	\$875	\$900	\$950	\$953	\$920	\$947	\$925
No. Surveyed	1,864	1,715	1,846	1,845	1,601	1,860	1,864	1,798	1,901	1,902	1,836
2 Bedroom											
Median Rent	\$890	\$975	\$995	\$995	\$1,000	\$999	\$1,095	\$1,095	\$1,105	\$1,125	\$1,120
No. Surveyed	2,525	2,672	2,547	2,424	2,052	2,731	2,565	2,658	2,842	2,809	2,682
3 Bedroom											
Median Rent	\$875	\$1,095	\$1,150	\$1,150	\$1,103	\$1,245	\$1,195	\$1,375	\$1,250	\$1,400	\$1,335
No. Surveyed	181	189	176	151	121	177	197	170	179	194	172

	% Decrease 2009-2010	% Increase 2000-2010
One Bedroom	2.3%	19.7%
Two Bedroom	.4%	25.8%
Three Bedroom	4.6%	52.6%