



APARTMENT VACANCY AND RENT SURVEY

as of

OCTOBER 1, 2007

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.

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, 2007. There are approximately 6,034 apartment units in the City of Vacaville. Six hundred and seventy-eight units owned by Vacaville Community Housing (VCH) and/or the Bay Development/VCH Partnerships, 228 units at Saratoga Senior, 56 units at Autumn Leaves, 45 units at Twin Oaks and 56 units owned by the Vacaville Redevelopment Agency (which will be transferred to a non-profit housing corporation for ownership and management), were not included in the survey because these units have restricted rents. Therefore, 4,971 units were surveyed.

4,626 units reported out of a pool of 4,971 apartment rental units. Of the 4,626 available rental apartment-type units reported on, 172 were reported to be vacant and available for rent.

| Units In Survey | Units Reported | Units Unreported | Units Excluded from Survey (affordable) |
|-----------------|----------------|------------------|---|
| 4,971 | 4,626 | 345 | 1,063 |

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 3.7%.
2. The overall level of vacancy decreased slightly from the survey taken twelve months ago from 4.6% to 3.7%. There was a decrease in one-bedroom unit vacancies over the past year from 3.9% to 3.4%. The vacancy rate for two-bedroom units decreased from 4.9% to 3.8%. The three-bedroom unit vacancies decreased from 6.1% to 5.3%.
 - a. The overall vacancy rate for 1-bedroom units is 3.4%.
 - b. The overall vacancy rate for 2-bedroom units is 3.8%.
 - c. The overall vacancy rate for 3-bedroom units is 5.3%.

A vacancy rate of 3-5% is considered a balanced rental market. Overall vacancy rates remained within this range during the past year. This could be due, in part to:

- ✓ increased number of former homeowners re-entering the rental market due to foreclosure. As foreclosures have greatly increased in the local housing market, a significant number of previous homeowners have again become renters, many of whom have the ability to pay the higher (or luxury) rents offered by some of the rental communities.
- ✓ higher foreclosure rates have caused many potential homebuyers to remain in place as renters as they attempt to wait on the housing industry to begin to stabilize.

- ✓ reduced availability of housing units at Travis Air Force Base due to age, lead based paint and mold issues.

The U.S. Air Force is changing how it manages its on-base housing operations. As proposed, more than half of the current housing units at Travis AFB will be targeted for demolition (most of the units targeted for demolition are currently unoccupied and uninhabitable), new units will be constructed, and/or existing units will be renovated. Following full privatization, there will be a net gain of 180 available housing units at Travis AFB (from 938 to 1118 units). Military families will then have the option of using their Base Housing Allowance to pay rent to live on base in high quality units that are expected to be well managed and maintained and have competitive amenities to “high end” or luxury market units located off-base. As such, these privatization efforts could impact Vacaville’s vacancy rate in the future. At present this effort has not been finalized. Travis Air Force Base will be holding a Town Hall Meeting regarding this project on January 18, 2008.

There are no anticipated additional multi-family rental units coming on the market during the 2008 calendar year in Vacaville; however, Vacaville Senior Manor, a 60 unit Senior Apartment Community will begin construction in 2008 and is anticipated to open some time in 2009.

B. Pre- and Post- 2000 Vacancy Analysis

There have been 1,177 multi-family apartment units added in Vacaville since 2000, which represents 24 percent of all units surveyed in 2007. The majority of these units (980 units out of a total 1,177) 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 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 4.27%.
- b. The overall vacancy rate for units built since 2000 is 2.3%.
- c. The overall vacancy rate for all units combined (pre- and post- 2000) is 3.7%

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 **3.7%**; 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, 2007 |

TABLE 1A**OVERALL VACANCY RATE**

| | <u>10/1/96</u> | <u>10/1/97</u> | <u>10/1/98</u> | <u>10/1/99</u> | <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> |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Available Units Surveyed | 3,937 | 3,970 | 3,703 | 3,900 | 4,570 | 4,576 | 4,569 | 4,420 | 3,774 | 4,768 | 4,626 | 4,626 |
| Vacant/Available for Rent | 133 | 162 | 81 | 37 | 74 | 190 | 174 | 224 | 243 | 381 | 211 | 172 |
| Vacancy Rate | 3.4% | 4.0% | 2.2% | 1.0% | 1.6% | 4.2% | 3.8% | 5.1% | 6.4% | 8.0% | 4.6% | 3.7% |

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

| | Pre 2000 Units Constructed | Post 1999 Units Constructed | Consolidated 2007 Survey Results |
|---------------------------------------|---------------------------------------|--|---|
| Total Available Units Surveyed | 3,449 | 1,177 | 4,626 |
| Vacant/Available for Rent | 145 | 27 | 172 |
| Vacancy Rate | 4.2% | 2.3% | 3.7% |

TABLE 3

HISTORICAL VACANCY RATES OCTOBER 1, 1983 THROUGH OCTOBER 1, 2007

(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% |

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 \$950/month; one half of the available units rent for less than \$950/month and one half of the available units rent for more than \$950/month.

1. Rent levels for **all** one-bedroom units surveyed (1,798) demonstrated a \$3 increase from the previous survey period. The median rent for all one-bedroom units is **\$953**.
 - ✓ When considering one-bedroom units (1,361) built prior to 2000, the median is **\$950**.
 - ✓ When considering one-bedroom units (437) built since 2000, the median rent is **\$1,258**.
2. Rent levels for **all** two-bedroom units surveyed (2,658) demonstrated no change from the previous survey period. The median rent for a two-bedroom unit is **\$1,095**.
 - ✓ When considering only the two-bedroom units (1,982) built prior to 2000, the median rent is **\$1,073**.
 - ✓ When considering the two-bedroom units (676) built since 2000, the median rent is **\$1,500**.
3. Rent levels for **all** three-bedroom units surveyed (170) demonstrated a \$180 increase from the previous survey period. The median rent for a three-bedroom unit is **\$1,375**.
 - ✓ When considering only the three-bedroom units (106) built prior to 2000, the median rent is **\$1,200**.
 - ✓ When considering the three-bedroom units (64) built since 2000, the median rent is **\$1,935**.

As noted **above** in Section II (B), the newer units that have been built since 2000 have greater amenities and significantly higher rents; however, overall vacancy is lower.

During the past year, median rents increased by 0.3% for one-bedroom units; remained unchanged for two-bedroom units, and increased by 15.1% for three-bedroom units. Over the twelve-year period 1996-2007, median rents have increased 66.4% for one-bedroom units, 71.1% for two-bedroom units, and 90.5% for three-bedroom units.

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

- | | |
|---------|---|
| Table 4 | Comparison of Median Rent Levels – October 1, 2007 - Overall Units VS. Pre-2000 and Post-2000 Units |
| Table 5 | Comparison of Median Rent Levels -- All Units 10/1/96 - 10/1/07 By Bedroom Size |
| Table 6 | Rental Market Survey – Historical Median Rents for Apartments – 10/1/96 - 10/1/07 |

TABLE 4

**COMPARISON OF MEDIAN RENT LEVELS – OCTOBER 1, 2007
OVERALL UNITS VS. PRE-2000 AND POST-2000 UNITS
BY BEDROOM SIZE**

| | <u>10/07 – Overall</u> | <u>Pre-2000</u> | <u>Post-2000</u> |
|----------------------------------|------------------------|-----------------|------------------|
| One Bedroom Median Rent | \$ 953 | \$ 950 | \$1258 |
| Two Bedroom Median Rent | \$1095 | \$1073 | \$1500 |
| Three Bedroom Median Rent | \$1375 | \$1200 | \$1935 |

TABLE 5

**COMPARISON OF MEDIAN RENT LEVELS
ALL UNITS 10/1/96 - 10/1/07
BY BEDROOM SIZE**

| | <u>10/96</u> | <u>10/97</u> | <u>10/98</u> | <u>10/99</u> | <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>% Increase 2006-2007</u> |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------------|
| One Bedroom Median Rent | 573 | \$583 | \$641 | \$665 | \$773 | \$860 | \$865 | \$870 | \$875 | 900 | 950 | 953 | 0.3% |
| Two Bedroom Median Rent | \$640 | \$660 | \$717 | \$799 | \$890 | \$975 | \$995 | \$995 | \$1,000 | 999 | 1095 | 1095 | 0.0% |
| Three Bedroom Median Rent | \$722 | \$722 | \$749 | \$775 | \$875 | \$1,095 | \$1,150 | \$1,150 | \$1,103 | 1,245 | 1195 | 1375 | 15.1% |

TABLE 6

RENTAL MARKET SURVEY-OCTOBER 1, 2007

HISTORICAL MEDIAN RENTS FOR APARTMENTS

| | <u>OCT 96</u> | <u>OCT 97</u> | <u>OCT 98</u> | <u>OCT 99</u> | <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> |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 Bedroom | | | | | | | | | | | | |
| Median Rent | \$ 573 | \$ 583 | \$ 641 | \$ 665 | \$ 773 | \$ 860 | \$ 865 | \$ 870 | \$ 875 | \$ 900 | \$ 950 | \$ 953 |
| No. Surveyed | 1,331 | 1,341 | 1,301 | 1,409 | 1,864 | 1,715 | 1,846 | 1,845 | 1,601 | 1,860 | 1,864 | 1,798 |
| 2 Bedroom | | | | | | | | | | | | |
| Median Rent | \$ 640 | \$ 660 | \$ 717 | \$ 799 | \$ 890 | \$ 975 | \$ 995 | \$ 995 | \$1,000 | \$ 999 | \$1,095 | \$1095 |
| No. Surveyed | 2,468 | 2,481 | 2,242 | 2,315 | 2,525 | 2,672 | 2,547 | 2,424 | 2,052 | 2,731 | 2,565 | 2,658 |
| 3 Bedroom | | | | | | | | | | | | |
| Median Rent | \$ 722 | \$ 722 | \$ 749 | \$ 775 | \$ 875 | \$1,095 | \$1,150 | \$1,150 | \$1,103 | \$1,245 | \$1,195 | \$1375 |
| No. Surveyed | 174 | 169 | 160 | 176 | 181 | 189 | 176 | 151 | 121 | 177 | 197 | 170 |

| | % Increase 2006-2007 | % Increase 1996-2007 |
|---------------|-----------------------------|-----------------------------|
| One Bedroom | 0.3% | 66.4% |
| Two Bedroom | 0.0% | 71.1% |
| Three Bedroom | 15.1% | 90.5% |

APARTMENT RENT AND VACANCY SURVEY SENIOR-ONLY ADDENDUM

Results of the 2007 Vacaville Apartment Rent and Vacancy Survey can be analyzed for senior-only housing. 428 senior-only apartment-type rental units were surveyed. Fifteen of the VCH/Bay Development Partnership, 228 units at Saratoga Senior and 56 units at Autumn Leaves were not included in the survey, because these units are restricted rental units. Of the 428 available senior-only rental apartment-type units, 6 were reported to be vacant and available for rent.

Since most senior-only units in Vacaville have been built since 2000, no additional analysis has been completed comparing vacancy rates or rent levels:

Vacancy:

- The overall senior-only housing vacancy rate is 1.4%.
- The vacancy rate for one-bedroom senior-only housing units is 1.0%.
- The vacancy rate for two-bedroom senior-only housing units is 2.6%.

| | One Bedroom | Two Bedroom | Three Bedroom* | All Bedroom Sizes |
|---------------------------------------|------------------------|------------------------|---------------------------|------------------------------|
| Total Available Units Surveyed | 312 | 116 | N/A | 428 |
| Vacant/Available for Rent | 3 | 3 | N/A | 6 |
| Vacancy Rate | 1.0% | 2.6% | N/A | 1.4% |

* There are no senior-only three-bedroom units within the city.

The chart below shows the Senior Only vacancy rate as compared to the overall market vacancy rate.

| | One Bedroom | Two Bedroom | Three Bedroom | All Bedroom Sizes |
|------------------------------------|------------------------|------------------------|--------------------------|------------------------------|
| Senior-only Vacancy Rate | 1.9% | 0.0% | N/A | 1.4% |
| Overall Market Vacancy Rate | 3.6% | 4.3% | 5.3% | 4.1% |

Rent:

- The median rent rate for one-bedroom senior-only housing units is \$825
- The median rent rate for two-bedroom senior-only housing units is \$1,030.

| | One Bedroom | Two Bedroom | Three Bedroom |
|--------------------|------------------------|------------------------|--------------------------|
| Median Rent | \$825 | \$1,030 | N/A |

Senior-only housing median rents compared to median rent on a citywide basis are reflected on the chart below.

| | One Bedroom | Two Bedroom | Three Bedroom |
|-----------------------------------|------------------------|------------------------|--------------------------|
| Senior-only Median Rent | \$825 | \$1,030 | N/A |
| Overall Market Median Rent | \$953 | \$1,095 | \$1,375 |

Median rents for one-bedroom units vary by \$128 and two-bedroom units vary by \$65 with Senior-only rents coming in lower than median rents city wide. While historically, senior-only rents have been slightly lower; two-bedroom rents are moving closer to the city wide median rents due to their low to no vacancy level.